

UNIVERSIDADE DE LISBOA

ISEG School of Economics and Management



Culturally-driven Agency in Value Cocreation within  
Portuguese Business Ecosystems – a Multiple Case Study  
Approach

Ana Sara Does Martins Gonçalves

Orientador: Prof. Doutor Rui Manuel Vinhas da Silva

Tese especialmente elaborada para obtenção do grau de Doutor em Gestão

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To Laura, Leonor and Vasco

Acreditem em vós em qualquer circunstância e procurem continuamente transcender-se em ideias e atos. Não esqueçam as vossas raízes pois são elas que vos darão consolo nos dias menos bons e alento para recomeçar nos dias seguintes. Mas acima de tudo, nunca deixem de sonhar, pois, como escreveu Miguel Torga, “o mal de quem apaga as estrelas é não se lembrar de que não é com candeias que se ilumina a vida”.

## Abstract

Underpinned by Service-dominant Logic (SdL), Neo-institutional Theory (NiT) and Theory of Structuration, the present research intends to deepen the understanding of how meta-layer, culturally-driven institutions shape the agency of decision-makers in service exchange engagement. Since there is a lack of works in SdL addressing how institutions coordinate value cocreation, the present research aims to fill this gap by focusing on how individuals conciliate institutions as it has significant implications on how they engage in service exchange. From the articulation of the three aforementioned distinct bodies of literature, a conceptual framework addressing the phenomenon under study emerged.

In order to meet the research purposes, an interpretivist, naturalistic and mainly deductive perspective was taken and a multiple embedded case study research was adopted. The primary unit of analysis of the research is the individual, in its two dimensions (i.e. agency and social structure) and two additional units of analysis (embedded units) are considered: the firm and the organizational field where the individual is embedded in order to represent the phenomenon's complexity. The research population is comprised by Portuguese individuals performing decision-making and troubleshooting roles as service beneficiaries, in Portuguese firms. From the population, eight cases meeting literal and theoretical replication criteria were initially selected and four additional cases were added to accomplish theoretical saturation. Interviews were conducted and document analyses and observation were performed to collect data.

A framework based on empirical data regarding how culturally-driven institutions shape the agency of decision-makers is proposed. It considers not only what actions are affected by institutions but also how different institutions interact inside the individual's structure. Also, this research brings to the forefront of SdL literature the concept of cultural resource by stressing its empirical relevance. These are two of the main contributions made by the current research to SdL, NiT and management practice.

**Key works:** Value cocreation, service exchange engagement, agency, institutional logics, cultural framework

## Resumo

Suportada na Lógica dominante do Serviço (LdS), na Teoria Neo-institucional (TNi) e na Teoria da Estruturação, esta investigação pretende aprofundar o conhecimento sobre o efeito de instituições culturais na ação de decisores envolvidos em trocas de serviço. Dada a escassez de estudos que abordem a influência das instituições na co-criação de valor, a presente investigação pretende contribuir para reduzir esta lacuna focando-se na forma como os decisores conciliam as instituições, que tem, por sua vez, implicações na forma como os indivíduos desenvolvem trocas de serviço. Da articulação das três referidas teorias resulta um modelo conceptual do fenómeno a investigar.

Durante a investigação foi adotada uma perspectiva interpretativista, naturalista e maioritariamente dedutiva para conduzir múltiplos casos de estudo em que a principal unidade de análise é o indivíduo nas suas duas dimensões (i.e. agência e estrutura). Foram ainda consideradas duas unidades de análise adicionais (i.e. a empresa e o campo organizacional em que o indivíduo está inserido) por forma a representar a complexidade do fenómeno em investigação. A população do estudo compreende indivíduos portugueses com papéis de decisão e de resolução de problemas enquanto beneficiários de um serviço, em empresas portuguesas. Da população foram selecionados oito casos iniciais com base em critérios de replicação literal e teórica e posteriormente, foram escolhidos mais quatro casos de forma a atingir a saturação teórica. A informação foi recolhida, através de entrevistas, dados secundários e observação, e analisada.

A partir dos dados empíricos é proposto um modelo de como as instituições culturais condicionam a ação dos decisores, que considera que as ações são afetadas pelas instituições, bem como as diferentes instituições interagem dentro da estrutura do indivíduo. Adicionalmente, esta investigação sublinha a relevância empírica do conceito de recurso cultural, entre outras contribuições feitas para a LdS, para a TNi e para a prática da gestão.

**Palavras-chave:** Co-criação de valor, troca de serviço, agência, lógicas institucionais, cultura

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## **Chapter 1 – Introduction**

This dissertation intends to deepen the understanding and explanation of the effects of culturally-driven institutions on value cocreation. In this introductory chapter, the importance of the phenomenon under scrutiny is highlighted, preliminary considerations regarding the research setting are given, the main concepts are presented, the research questions and objectives are stated and the methods used throughout the study are identified. The chapter is concluded with a presentation of the thesis structure.

### **1.1 Research Motivation**

How value is created between actors is an important topic amongst marketing researchers but also amongst marketing practitioners (Babin & James, 2010). Service-dominant Logic (henceforth, SdL) sheds a different perspective on this topic when contrasted with other schools of thought within marketing (Ballantyne & Varey, 2008), which motivated the researcher's particular interest.

SdL is an emergent perspective in service research, a marketing discipline that has evolved profoundly since its beginning, in the 1970's (Tronvoll, Brown, Gremler & Edvardsson, 2011). Through SdL lenses, value is not encapsulated in the output of a production process, it is rather in the utility provided to actors by the application of operant resources (i.e. knowledge and skills). Also, value is mutually created, cocreated in SdL parlance, among the parties involved in the exchange, instead of created by producers (Vargo & Lusch, 2004, 2008a).



Throughout time, the SdL approach to value cocreation has been increasingly supported on social construction theories such as Giddens' (1984) Theory of Structuration (henceforth, TS) and Granovetter's (1985) Theory of Structural Embeddedness. As a consequence, several social constructionist concepts have been adopted in order to explain value cocreation.

Institution is one of those adopted concepts, which already assumes an axiom status in SdL: "Value cocreation is coordinated through actor-generated institutions and institutional arrangements" (Vargo & Lusch, 2016, p. 8). However, there is a lack of work explicitly addressing how institutions coordinate value cocreation.

In fact, several SdL researchers identify this gap and stress the importance of addressing it as a research topic (e.g. Akaka et al., 2014; Chandler & Lusch, 2014; Edvardsson, Kleinaltenkamp, Tronvoll, Mchugh, & Windahl, 2014; Edvardsson, Tronvoll, & Gruber, 2011; Vargo & Lusch, 2011, 2016). This dissertation aims to fill this gap.

## **1.2 Research Streams**

Recent SdL literature alludes to the importance of institutions (e.g. Akaka et al., 2014; Edvardsson et al., 2014, 2011; Vargo & Lusch, 2011, 2016; Wieland, Koskela-Huotari, & Vargo, 2015). While some researchers argue that institutions have a significant impact on service exchange as they influence: the cooperation and coordination among actors (Vargo & Lusch, 2016), human actions and interactions (Akaka, Vargo, & Lusch, 2013), the engagement itself (Chandler & Lusch, 2014), and the efficiency that lies in the service ecosystem (Edvardsson et al., 2014), others consider that institutions affect the value perceived by actors (Akaka, Vargo & Schau, 2015). This research agrees with

the claims made by Chandler and Lusch (2014) and Vargo and Lusch (2016) and argues that understanding how actors conciliate institutions is critical, as it has significant implications on how those actors engage in service exchange.

Institutions are the central concern of Institutional Theory. Hence, Institutional Theory is required for understanding the influence of institutions in value cocreation. Yet, the body of literature underpinning this theory is so wide and heterogeneous that it comprehends several streams of research (Scott, 2013). After a literature review of those research streams detailed in this dissertation, the present study adopts a cultural-cognitive perspective on institutions as it assumes social systems as open, complex, multi-level and porous and it acknowledges the importance of understanding action within its societal context, similarly to SdL.

Neo-institutional Theory (henceforth, NiT), the stream of research approaching institutions from a cultural-cognitive perspective, focuses on institutions as those broad understandings shaped by cultural frameworks (i.e. institutional logics). The widely accepted (among NiT researchers) conceptualization of society as an interinstitutional cultural system (Friedland & Alford, 1991) formed by a group of central institutions is adopted in this research on the grounds that “the symbolic world can only be constructed theoretically at the institutional level” (Friedland & Alford, 1991, p. 242). Specifically, a “contemporary capitalist West” society, as the Portuguese society, comprises the family, community, religion, state, market, profession and the corporation logics (Friedland & Alford, 1991; Thornton, Ocasio, & Lounsbury, 2012). Furthermore, NiT studies deal with culture as organized around national societies (DiMaggio, 1997).

SdL, like social construction theories, assumes that it is not possible to understand action apart from the context, and action is usually studied from the perspective of

dyads, triads, or even complex networks as units of analysis. However, as Chandler and Vargo (2011) recognize, the individual's action is at the basis of those dyads, triads, and complex networks. This recognition was due, at least in part, to the influence of TS (Giddens, 1984) in SdL which, in turn, adopts an individual perspective on the social phenomenon where individual's free will is assumed. On the contrary, NiT literature focused on institutions at the individual level is scarce (Scott, 2013) and the existing one mainly assumes that individual action is highly constrained by contextual institutional logics, albeit acknowledging TS contributions (Pache & Santos, 2010). Present research focuses on how institutional logics shape agency at the individual-level and considers the duality agency/structure as the unit of analysis. In order to understand agency in particularly complex ecosystems, the focus of this dissertation is on individuals embedded in ecosystems comprised by three levels: decision-makers (micro-level of analysis) embedded in a firm (meso-level of analysis), which in turn, is embedded in an organizational field (macro-level of analysis).

In short, this research, underpinned by SdL, NiT and TS, aims to provide an explanation of how meta-layer, culturally-driven institutions shape the agency of decision-makers, embedded in the Portuguese business ecosystems, in service exchange engagement.

### **1.3 Theoretical approaches**

The present research articulates three distinct bodies of literature, namely, SdL, NiT and TS, in order to provide a holistic and in-depth explanation of how meta-layer, culturally-driven institutions shape the agency of decision-makers, embedded in the

Portuguese business ecosystems, in service exchange engagement. Herein, a summary of the main concepts supporting the research is provided.

Value cocreation, through a SdL lens, is the set of “actions of multiple actors, often unaware of each other, that contribute to each other’s wellbeing” (Vargo & Lusch, 2016, p. 8). Value cocreation is a continuous, dynamic, and interactive process since value develops and emerges over time through service exchange between actors (Akaka & Vargo, 2014; Frow & Payne, 2011; Lusch & Webster, 2011). Service, in turn, is central in value cocreation as it is the “process of using one’s resources for the benefit of another entity” (Vargo & Lusch, 2008a, p. 2). Knowledge and skills (i.e. operant resources) are the most important resources to value cocreation as they are the ones “that act on other resources” (Madhavaram & Hunt, 2008, p. 67).

The service beneficiary is the central actor in service exchange since value, from the SdL perspective, is determined by the service’s utility to the beneficiary (Vargo & Lusch, 2004). In addition, the exposure of service beneficiary to the context where he is embedded triggers the influence of context features over value cocreation (Edvardsson et al., 2011).

Value cocreation, which is the main purpose of economic interactions, takes place between different actors at various levels of aggregation (e.g., individuals, families, firms, societies, nations) (Vargo & Lusch, 2008a). In order to represent the context where value cocreation occurs, SdL proposes the concept of service ecosystem. A service ecosystem, or a “system of service systems” is defined as “a configuration of people, technologies, and other resources that interact with other service systems to create mutual value” (Vargo & Lusch, 2016, p. 11). The largest service ecosystem is the global economy, while the smallest is formed by the persons engaged in a service

exchange (Edvardsson et al., 2011). Specifically, SdL sees service ecosystems as a context comprising three levels: (1) micro level; (2) meso level; and (3) macro level. Above each of these three levels, there is a meta layer. The concept of service ecosystem, together with the constructionism-inspired assumption that individuals and organizations are embedded in a context which, in turn, influences the individual's action (Granovetter, 1985), has elicited the importance of institutions in cocreating value.

Institutions play an important role in service ecosystems as they influence human actions and interactions (Akaka et al., 2013), and thus value cocreation. According to cultural-cognitive perspective on institutions which is the one adopted in present research, action results from both rational calculations and non-rational premises held by the individual. These non-rational premises are socially constructed models, assumptions and schemas (i.e. patterns of thought or action that organize categories of information and the relationships among them) that enter into routine and become taken-for-granted. In turn, these models, assumptions and schemas which are part of the individual's interpretative processes are driven by external cultural frameworks (DiMaggio, 1997; Scott, 1987). Specifically, NiT designates “the socially constructed, historical patterns of cultural symbols and material practices including assumptions, values and beliefs by which individuals and organizations provide meaning to their daily activity, organize time and space and reproduce their lives and experiences” as institutional logics (Thornton & Ocasio, 2008, p. 101). A meta layer cultural framework holds multiple institutional logics that “are interdependent and yet also contradictory” (Friedland & Alford, 1991, p. 250) and each logic prescribes a frame of reference that shapes individual's actions as well as individual's sense of self (Thornton et al, 2012).

How the dialectic between cultural frameworks and individual's action unfolds is addressed by TS. In order to approach the phenomenon under study, Giddens (1979, 1984) proposes that the individual's social structure (i.e. the set of rules and resources, recursively implicated in the reproduction of social systems and present in individuals' memory traces) and the individual's agency (i.e. a continuous flow of conduct) should be conceived as interrelated, as a duality.

Throughout this dissertation, the terms individual actors, agents or individuals will be used interchangeably. Also, the terms agency, action and behaviour are interchangeably used and should be understood as defined above.

## **1.4 Research Questions and Objectives**

As explained, this thesis aims to shed light on how institutions affect action, at a micro-level, during the process of value cocreation. The relevance of this research is evidenced in a gap found in SdL literature that is the scarcity of studies addressing how institutions coordinate value cocreation. Hereupon, through a multiple case study approach we expect to provide a holistic and in-depth explanation of

*How meta-layer, culturally-driven institutions shape the agency of decision-makers in service exchange engagement.*

Within Institutional Theory, different meanings are assigned to institution's concept according to the institutional lenses adopted. As already explained in previous subsections, present research adopts cultural-cognitive perspective on institutions where institutional logics are the central concept. Institutional logics are meta-layer, culturally-

driven institutions defined as “the socially constructed, historical patterns of cultural symbols and material practices including assumptions, values and beliefs by which individuals and organizations provide meaning to their daily activity, organize time and space and reproduce their lives and experiences” (Thornton & Ocasio, 2008, p. 101).

Service exchange engagement is a large part of the even wider process of value cocreation. In order to study service exchange engagement, we opt for focusing on specific parts of that process, similarly to what several SdL researchers have done (e.g. Akaka et al., 2014; Edvardsson et al., 2011). Therefore, this research is focused on two stages of service exchange engagement occurring between a provider and a beneficiary: the service provider’s selection and troubleshooting experiences with service providers. These stages’ selection is due to their adequacy in representing individual’s agency in the sense proposed by TS.

Therefore, in other words, this research addresses:

*How institutional logics shape the selection and the responses of individual service beneficiaries, embedded in Portuguese business ecosystems, in service provider’s selection and in troubleshooting experiences with service providers.*

This broader question can be broken into four specific research questions:

1. *What institutional logics are present at each contextual level of analysis?*
2. *In which ways do institutional logics present in individuals’ structures shape the selection of service providers?*

3. *In which ways do institutional logics present in individuals' structures shape the responses provided by the decision-maker in situations involving troubleshooting?*
4. *How institutional logics interact in decision-maker's social structure during value creation experiences with service providers?*

First, this research intends to contribute to the shortening of the literature gap that gave rise to this research by providing an in-depth explanation of how institutions affect individual service beneficiaries' agency whilst they are involved in decision-making experiences and, thus, value cocreation.

Second, this research aspires to build a bridge between the SdL macro framework and the micro processes through which institutions influence value cocreation by providing a micro-level framework that specifies how actors articulate institutions and then, act. In addition, despite the micro-level focus of the research, it provides an understanding of culturally rich contexts, as recently elicited by Akaka et al. (2015).

Finally, during the NiT literature review, the lack of studies investigating how individuals are affected by institutions is pointed out. Despite this not being our primary goal, this research will also address this gap.

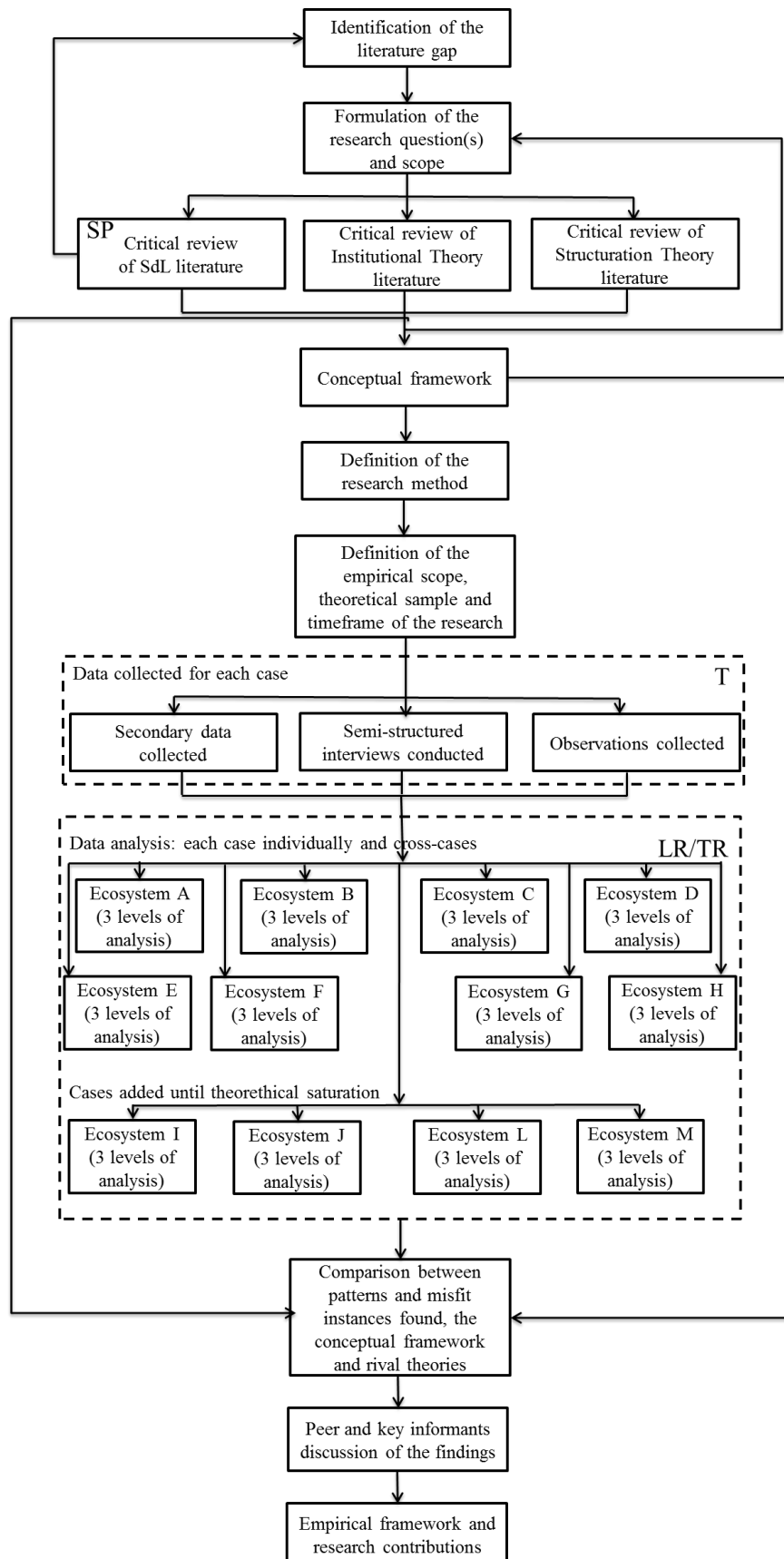
## **1.5 Overview of the Research Methodology**

This research does not intent to propose a way of predicting the outcome of a process of institutional influence in the future. It is rather our intention to describe and understand how a certain action resulted from the combination of a set of institutional logics, in a



specific context. In order to describe and explain this particular social phenomenon in its complexity and diversity, an interpretivist perspective was taken (Burrell & Morgan, 1979; Giddens, 1984; Gioia & Pitre, 1990; Saunders, Lewis, & Thornhill, 2012; Weber, 1978) following a naturalistic perspective (Guba, 1981) and a mainly deductive approach (Saunders et al., 2012) to a multiple embedded case study research (Yin, 2009). The methodological process is presented in figure 1.

Figure 1 – Methodological process



SP: Research starting point; T: Triangulation; LR: Literal replication; TR: Theoretical replication

The primary unit of analysis of the research is the individual, in its two dimensions (i.e. agency and social structure). Still, due to the interest in representing the complexity of the phenomenon being studied, two additional units of analysis (embedded units) are considered: the firm and the organizational field where the individual is embedded (Yin, 2009).

Based on NiT literature (e.g. Chung & Luo, 2008; Greenwood, Díaz, Li, & Lorente, 2010; Pache & Santos, 2013; Rao, Monin, & Durand, 2003), the empirical scope of this research is limited to a specific national society, the Portuguese society which represents a cultural framework. In addition, top decision-makers involved in service exchange as beneficiaries are the ones who best meet both NiT and TS criteria. Therefore, this research population is comprised by Portuguese individuals performing decision-making and troubleshooting roles as service beneficiaries, inside a Portuguese organization.

Following Glaser and Strauss (1967) and Yin (2009), the theoretical sample was selected from the empirical scope in order to achieve both literal and theoretical replication and an initial group of eight cases was selected based on theoretical criteria. The sample of cases was drawn from across a variety of business-to-business exchange relationships to minimize the effect of industry-specific practices (Cannon, Achrol, & Gundlach, 2000). Four additional cases were selected during the analysis stage in order to achieve theoretical saturation (Glaser & Strauss, 1967). As a result, twelve cases from several districts of Portugal (excluding the Portuguese islands) were selected and analysed.

In order to gain access to data, anonymity of participants and data confidentiality had to be ensured. Data regarding the three units of analysis were collected through secondary

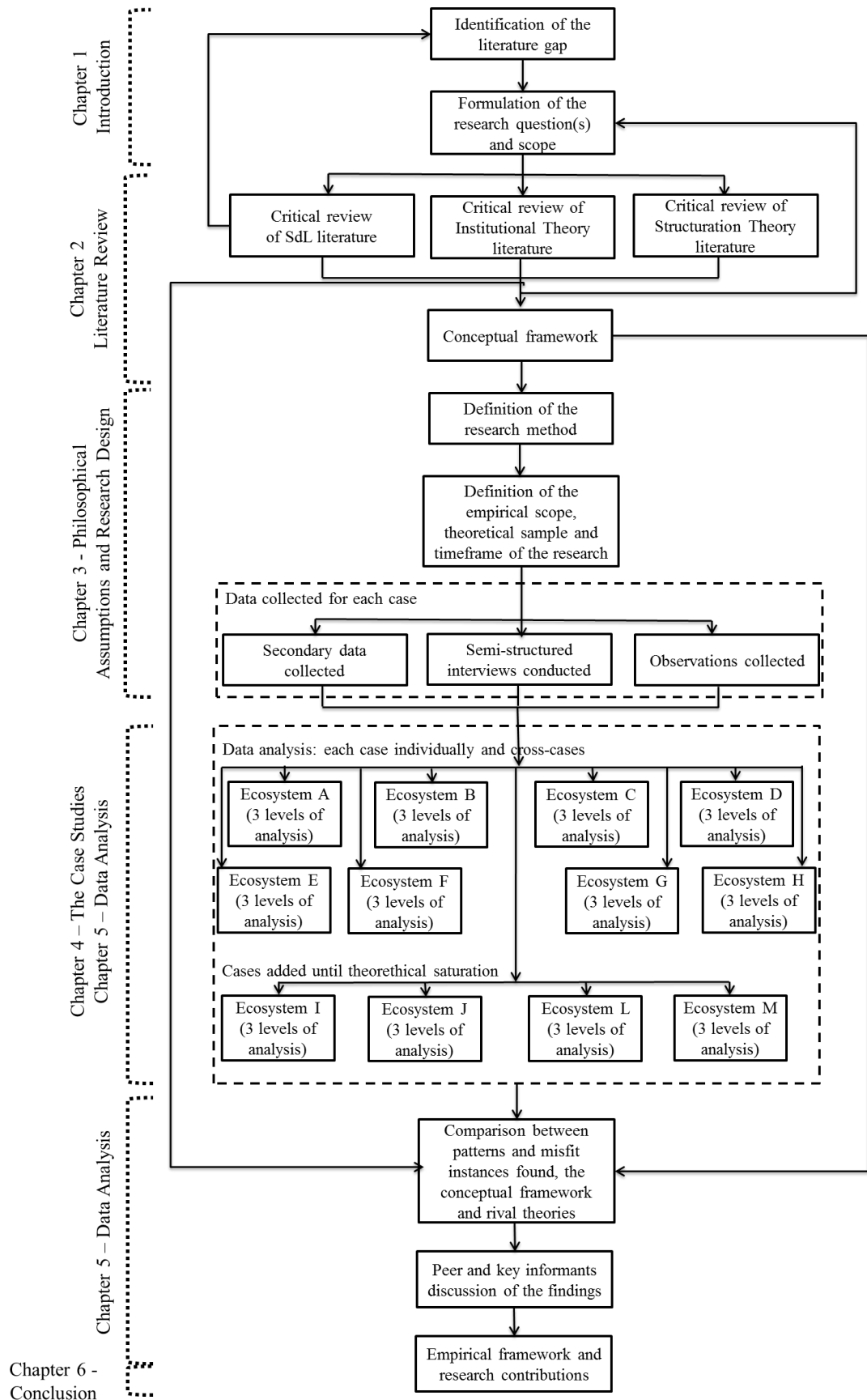
sources (e.g. documentation of the addressed firms, documentation of competing firms, industry studies), semi-structured interviews with decision-makers and observation of the phenomenon under study (e.g. decision-makers' interactions in daily routines with other members of its work team, dialogues between decision-makers and service providers, the particular language of actors in the natural setting of each firm) (Saunders et al., 2012; Yin, 2009).

Present research analysis follows a five-phased cycle as proposed by Yin (2011). All data were analysed several times and after this, relevant data chunks were identified and coded, using MAXQDA 12. Several incursions to raw data occurred in order to identify all the relevant data chunks and coded data chunks were triangulated (Miles, Huberman, & Saldaña, 2014; Yin, 2011). Broader patterns of data emerged through a mixed approach: describing each case through a replicable structure of variables driven from the conceptual framework, analysing variables across cases and cases comparison in order to find similarities and differences among them. Recursive comparison between broader patterns identified, the conceptual framework and rival theories allow us to elicit the empirical framework presented. Findings were discussed with key informants and peers who also reviewed methodological proceedings (Miles et al., 2014; Yin, 2009, 2011).

## **1.6 Structure of the Thesis**

This section provides an overview of the research document. Figure 2 provides a schematic correspondence between the research process and the chapters of this dissertation.

Figure 2 – Structure of the dissertation



Chapter 1 of the dissertation establishes the motivation, the context and the relevance of the research. It also makes explicit the question(s) and objectives of the research. In addition, it provides an overview of the literature and the methodology supporting the research. It ends with the presentation of the dissertation's structure.

Chapter 2 details the literature reviewed. Sections 1 to 3 focus on distinct bodies of literature in Marketing, Organizational Studies and Sociology fields from which each one of the theories supporting the research emanate. Section 4 highlights the bridges found between those literatures and presents the conceptual framework that emerged from there.

Chapter 3 presents in detail the assumptions taken and the description of the research process. Chapters 4 and 5 provide an in-depth description of the case studies and a systematic and detailed discussion of the findings. Finally, chapter 6 summarizes the main findings by providing direct answers to the research questions, identifies the research limitations, presents the theoretical and the practical contributions of the research and proposes avenues for future research.

## **Chapter 2 – Literature Review**

Present chapter gathers three distinct bodies of literature – SdL, TS and NiT – in which the research is supported.

In the first section, the literature of the primary theoretical foundation of this thesis, SdL, is reviewed. It starts by describing the origins and evolution of SdL from its rise until today, the main concepts are introduced and the relationships between them are established in such a way that it is also possible to capture the changes that SdL has suffered from its inception to the present day. A special attention was given to the gap that this research aims to fill and to theoretical basis in which SdL is supported, especially in regard to institutions.

The second section deals with TS since it is the SdL theoretical pillar when it comes to explain how institutions affect action. It starts with an overview of the main concepts of TS and the relationship between them and progresses to discuss how SdL has been addressing this theory.

The third section approaches Institutional Theory literature in which institutions are the main concept. Institutional studies cover a comprehensive set of literature from several different knowledge fields. For this reason, we approach the topic in a general-to-specific way: first we present an overview of how institutions are perceived by different disciplines. We progress by gaining focus in the literature compatible with our research

goals and methodology. At the end of the chapter, theoretical frameworks approaching institutions from an individual level of analysis are reviewed.

Finally, the fourth section provides a critical reflection on the literatures previously presented by highlighting their commonalities and the section finishes with the presentation of plausible conceptual framework addressing how individuals' action in value cocreation is affected by institutions.

## **2.1 Service-dominant Logic**

### **2.1.1 Origins and Evolution of Service-dominant Logic.**

SdL rests heavily on the work done by the Nordic School researchers. Since the 1970's, these scholars highlighted the inadequacy of consumer goods-based marketing to different business realities (Gummesson & Grönroos, 2012). The assumption of basic principles from economic theories (e.g. good's price centrality or rational action of actors) by marketing researchers is the main argument for this misfit (Vargo & Lusch, 2004. See also LaPlaca & daSilva (2016) for a recent review of industrial marketing literature throughout time). Gummesson proposes, instead, several relational approaches to marketing like "relationship marketing" (Gummesson, 1994), "one-to-one marketing" (Gummesson, 2004) or "many-to-many marketing" (Gummesson, 2004; see also Gummesson & Grönroos, 2012 for a detailed description of the contributions from the Nordic School scholars to service research).

The Nordic School researchers are also the precursors to the service concept as it is used in SdL. In disagreement with the traditional marketing assertion of service(s) as an



intangible output, the Nordic School advocates that service should be seen as “activities combined into processes” (Gummesson & Grönroos, 2012, p. 491).

Other influential works are those from Prahalad and Ramaswamy (2004a, 2004b, 2004c) as they shed light on the concept of “co-creation of value”. In their publications, these authors advocate a paradigm change towards value creation in order to adapt to new, at that time, characteristics of customers that are more “connected, informed and active” (Prahalad & Ramaswamy, 2004a, p. 4). The authors propose that value must be “co-created by the customer and the firm” since customers want to assume a proactive role by interacting with firms in every firm activity and, as a response, firms should focus on enabling this “experience” to the customer (Prahalad & Ramaswamy, 2004b). SdL initial conceptualization also draws on Resource Advantage Theory (Hunt & Morgan, 1996) and Core Competence Theory (Prahalad & Hamel, 1990).

In 2004, Vargo and Lusch introduce the conceptual basis of SdL (Vargo & Lusch, 2004). In a seminal paper, the authors identify and describe the influence that several schools had in the marketing field since the nineteenth century in order to argue that the “Goods-dominant Logic” of marketing, wherein concepts and ideas came from Economics, is no longer suitable in the twenty first century and should be replaced by a “Service-dominant Logic”. This service centred logic embraces recent (at that time) concepts like “relationships” and “exchange processes” and proposes that what is valued by customers is the use of competencies that constitute “service”, regardless of its material or immaterial form (Vargo & Lusch, 2004). Thus, the service-centered dominant logic appears as a theoretical framework that offers a perspective of value creation between a firm and its customer through service exchange (Vargo & Lusch, 2004, 2008b).

Service, written in the singular in order to highlight its distinction from services in its traditional sense (Lusch, 2006), is defined as the “process of using one’s resources for the benefit of another entity” (Vargo & Lusch, 2008a, p. 2). Knowledge and skills are the most important resources to SdL - operant resources – while goods that take on a central role in the traditional perspective are considered operand resources and assume a secondary role in this framework. According to SdL, individuals carry out exchange processes with the purpose of acquiring the benefits provided by specific knowledge or skills - service - and goods are just ways to transmit those operant resources (Vargo & Lusch, 2004). In concrete terms, operand resources are the ones “on which an act or operation is performed” and operant resources are “those that act on other resources” (Madhavaram & Hunt, 2008, p. 67). This perspective on resources is heavily supported on resource-based views of the firm, resource-advantage theory and competencies theory (see Madhavaram & Hunt, 2008 for a detailed identification of theories supporting SdL).

Furthermore, the conventional producing is replaced by resourcing, or the process of exchanging, integrating and developing resources in collaboration with other actors, within a network (Gummesson & Mele, 2010; Lusch & Vargo, 2012).

The widespread acknowledgment of SdL (e.g. Day et al., 2004) took its authors to elaborate on their initial framework (Vargo & Lusch, 2004). This is expressly dealt with in Vargo and Lusch’s articles published in 2008 and 2016 and summarized in table 1.

Table 1 - SdL foundational premises development

Foundational Premise	2004	2008	Update
FP1	The application of specialized skills and knowledge is the fundamental unit of exchange.	Service is the fundamental basis of exchange	No Change AXIOM STATUS
FP2	Indirect exchange masks the fundamental unit of exchange.	Indirect exchange masks the fundamental basis of exchange.	No Change
FP3	Goods are distribution mechanisms for service provision.	No Change	No Change
FP4	Knowledge is the fundamental source of competitive advantage.	Operant resources are the fundamental source of competitive advantage.	Operant resources are the fundamental source of strategic benefit.
FP5	All economies are service economies.	No Change	No Change
FP6	The customer is always the co-producer.	The customer is always a co-creator of value.	Value is cocreated by multiple actors, always including the beneficiary. AXIOM STATUS
FP7	The enterprise can only make value propositions.	The enterprise cannot deliver value, but only offer value propositions.	Actors cannot deliver value but can participate in the creation and offering of value propositions.
FP8	Service-centered view is customer oriented and relational.	A service-centered view is inherently customer oriented and relational.	A service-centered view is inherently beneficiary oriented and relational.
FP9		All social and economic actors are resource integrators.	No change AXIOM STATUS
FP10		Value is always uniquely and phenomenologically determined by the beneficiary.	No change AXIOM STATUS
FP11			New Value cocreation is coordinated through actor-generated institutions and institutional arrangements. AXIOM STATUS

Source: (Vargo & Lusch, 2016, p. 8)

During the last twelve years, SdL has undergone significant changes in its premises especially to accommodate an increasingly wider scope and purpose: from a marketing theoretical framework that focuses on value creation between a firm and its customer (Vargo & Lusch, 2004), passing through “a general theory of markets” (Vargo, 2011), or “an emerging school of thought within marketing and management” (Edvardsson et al., 2011, p. 327), to “a more holistic, dynamic, and realistic perspective of value creation, through exchange, among a wider, more comprehensive (than firm and customer) configuration of actors” (Vargo & Lusch, 2016, pp. 5–6. See also Gonçalves & DaSilva (2015) for a description of SdL evolution).

The contrast between “Goods-dominant Logic” and SdL has been the subject of several empirical works. For example, Enquist, Camén and Johnson (2011) compared a SdL approach to contractual governance and performance measurement practices in a network for public transport service business with the traditional approach and concluded that the current model of contractual governance and performance measurement is focused on operand resources and is driven by “Goods-dominant Logic”, rather than focusing on the “professed desire” for a customer-oriented public service system.

Also, empirical evidence of the differences between a “Goods-dominant Logic” and SdL views was provided, regarding firm’s value proposition (Ng, Parry, Smith, Maull, & Briscoe, 2012), collaborative service development and service innovation (Kallio & Lappalainen, 2014), or service orientation (Tommasetti & Festa, 2014).

### **2.1.2. Value Cocreation.**

Value cocreation is the ultimate purpose of interaction, relationship development and exchange (Lusch, Vargo, & Tanniru, 2010). Value cocreation corresponds, from a SdL perspective, to those “actions of multiple actors, often unaware of each other, that contribute to each other’s wellbeing” (Vargo & Lusch, 2016, p. 8). Value cocreation is a continuous, dynamic, and interactive process since value develops and emerges over time through service exchange between actors (Akaka & Vargo, 2014; Frow & Payne, 2011; Lusch & Webster, 2011).

The cocreation of value occurs through the integration of available resources detained by different actors who consequently benefit from that resource integration. Resource

integration is “the incorporation of an actor’s resources into the processes of other actors” (Gummesson & Mele, 2010, p. 192). Gummesson and Mele (2010) identify three forms of resource integration: 1) complementarity, which occurs when actors have different resources with potential to be integrated; 2) redundancy. When actors have similar resources and processes, the integration involves dealing with that redundancy; 3) mixing, which involves dealing with complementarity and redundancy simultaneously.

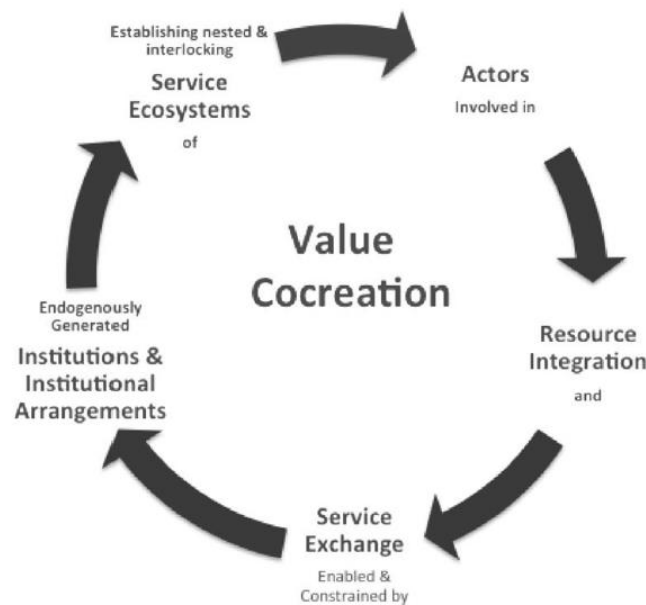
Value, as seen through SdL lenses, is grounded on two distinct premises. The first one is that value cannot be one-sidedly created. Instead, value can only be cocreated and the main beneficiary of the process is necessarily involved in the process. This premise has been criticized by other researchers (e.g. Grönroos & Voima, 2013) and Vargo and Lusch (2008a, 2016) have been refining it over time, in accordance with those criticisms.

The second one is that value is different for each party involved in the process of cocreation as value has a phenomenological, or experiential, nature (Vargo & Lusch, 2008a). From a “Goods-dominant Logic” perspective, value is embedded in goods by its producers and is determined by “value in exchange”. SdL departs from this approach to value by defining it as the result from the beneficial application of resources perceived by the beneficiary of the service – “value-in-use” (Vargo & Lusch, 2004). “Value-in-use” depends on individual perception which makes value idiosyncratic, experiential, and meaning (Vargo & Lusch, 2008a; Vargo, Maglio, & Akaka, 2008).

In addition, value is also driven by the context in which individuals are embedded as collective social perceptions present in context influence, at least in part, the

individual's perception (Edvardsson et al., 2011). Therefore, actors (e.g. firms) cannot create value but they can make value propositions and when these propositions are considered by other actor(s) (e.g. service beneficiaries), they engage in value cocreation through resource-integration and reciprocal service provision, as shown in figure 3.

Figure 3 - The process of SdL



Source: (Vargo & Lusch, 2016, p. 7)

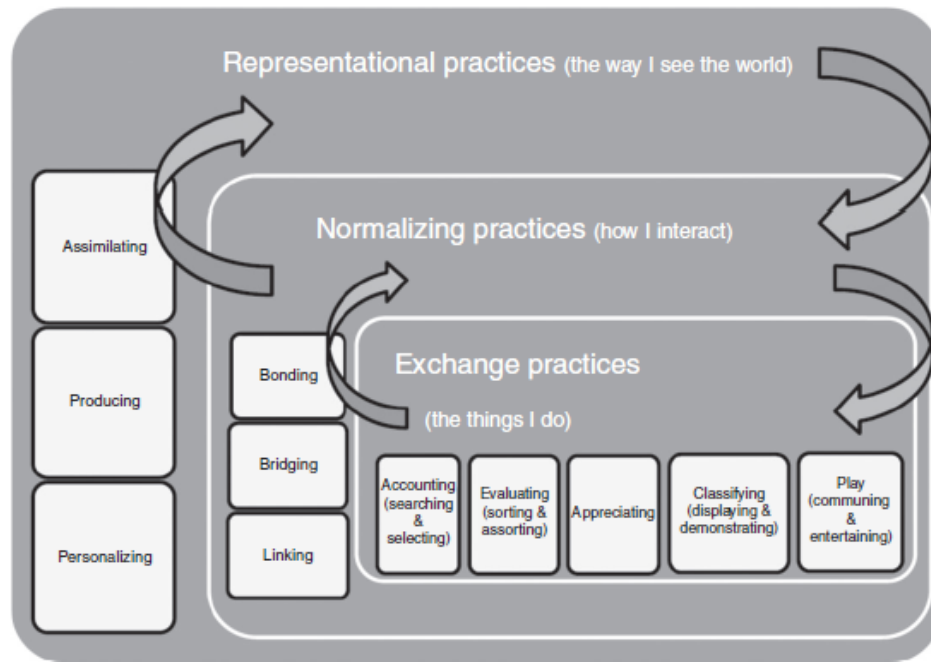
SdL does not conceive the creation of value without the participation of, at least, the service beneficiary and the service provider (Vargo & Lusch, 2016). Another important aspect when we look at value cocreation as exchange processes that integrate knowledge and skills is that all actors are potential resource integrators (Chandler & Vargo, 2011; Vargo & Lusch, 2016).

The phenomenological nature of value makes it one of the less covered issues in SdL empirical research. However, there are some exceptions, including the work of

Helkkula, Kelleher and Pihlstrom (2012) which presents a characterization of value in the experience as lived and imaginary and posits that current service experiences are influenced by previous and anticipated service experiences.

On the contrary, service experience (i.e. the actor's experience during the service process) is among the most addressed issues in SdL research. Worthy of mention is McColl-Kennedy, Cheung and Ferrier's (2015) conceptualization of service experience practices, represented in figure 4, according to which individuals can engage in: (1) representational practices (assimilating, producing and personalizing); (2) in normalizing practices (bonding, bridging and linking); and (3) in exchange practices (accounting, evaluating, appreciating, classifying and playing). From a different perspective, Fliess, Dyck and Schmelter (2014) focus on customers' contributions to service provision and provide a description of the dimensions of those perceived contributions.

Figure 4 - Cocreated service experience practices (CSEP) framework



Source: (McColl-Kennedy, Cheung, & Ferrier, 2015, p. 267)

### 2.1.3 Actors Involved in Value Cocreation.

In its initial formulation, SdL starts by dealing with dyadic processes of exchange, traditionally between a firm and its customer (Vargo & Lusch, 2004). However, as SdL scope has been broadening, it has been considering different actors in the theoretical framework. When SdL premises were updated, Vargo and Lusch (2008a) stated that “the venue of value creation is the value configurations - economic and social actors within networks interacting and exchanging across and through networks. Consequently, value creation takes place within and between systems at various levels of aggregation” and an extension was made in order to include “all entities that exchange to improve their own state of being (e.g., individuals, families, firms, societies, nations, etc.)” (Vargo & Lusch, 2008a, p. 5). This evolution results from the influence of theories such as Consumer Culture Theory (e.g. Arnould & Thompson,



2005; Merz, He, & Vargo, 2009; Payne, Storbacka, & Frow, 2008) or Network and System theories (e.g. Barile & Polese, 2010a, 2010b) on SdL (Vargo & Lusch, 2016).

Later on, due to the influence of Practice Theory researchers, mainly Giddens (1984), Vargo and Lusch (2011) have reconsidered the unit of analysis in SdL by arguing that:

The CEO of a firm, the head of a household, a carpooling parent, an individual grocery shopper, a politician, etc. are not fundamentally different kinds of entities; they are all just people going about the business of their daily lives, and trying to improve them. Often, quite literally, they are the same person. A firm, a neighbourhood, a subculture, and a political unit are similarly collectives of these same people, created by them to provide necessary structures for carrying out their activities. These structures connect actors and provide their context and become actors themselves. We have already suggested that we think these should be viewed as actors, generically engaged in service-for-service processes. (Vargo & Lusch, 2011, p. 186).

Put simply, individual actors engage in service-for-service exchanges and those individual actors are embedded and yet are the basis of dyads, triads, complex networks, and service ecosystems (Chandler & Vargo, 2011).

This amendment entails the redefinition of the value cocreation as “a multi-actor phenomenon, often on a massive scale, albeit with the referent beneficiary at the center” (Vargo & Lusch, 2016, p. 9) and the adoption of a generic term – actor – in order to designate any part (e.g. businesses, individual customers, households, etc.) able to be involved in service exchange, and therefore, able to be studied through the SdL lenses (Vargo & Lusch, 2011).

#### **2.1.4 Context of Value Cocreation.**

Supported on Systems Theory, particularly on the work done by an IBM research group who intended to provide an integrated approach over service (e.g. Spohrer & Maglio, 2008; Spohrer, Maglio, Bailey, & Gruhl, 2007) on the one hand and on the network perspective of markets shared by the IMP group literature (e.g. Snehota & Hakansson, 1995) and the Nordic School research (e.g. Edvardsson, Holmlund, & Strandvik, 2008; Grönroos, 2011; Gummesson, 2008) on the other, SdL argues that cocreation of value occurs within service ecosystems (Ballantyne & Varey, 2008; Gummesson & Mele, 2010; Vargo, 2011).

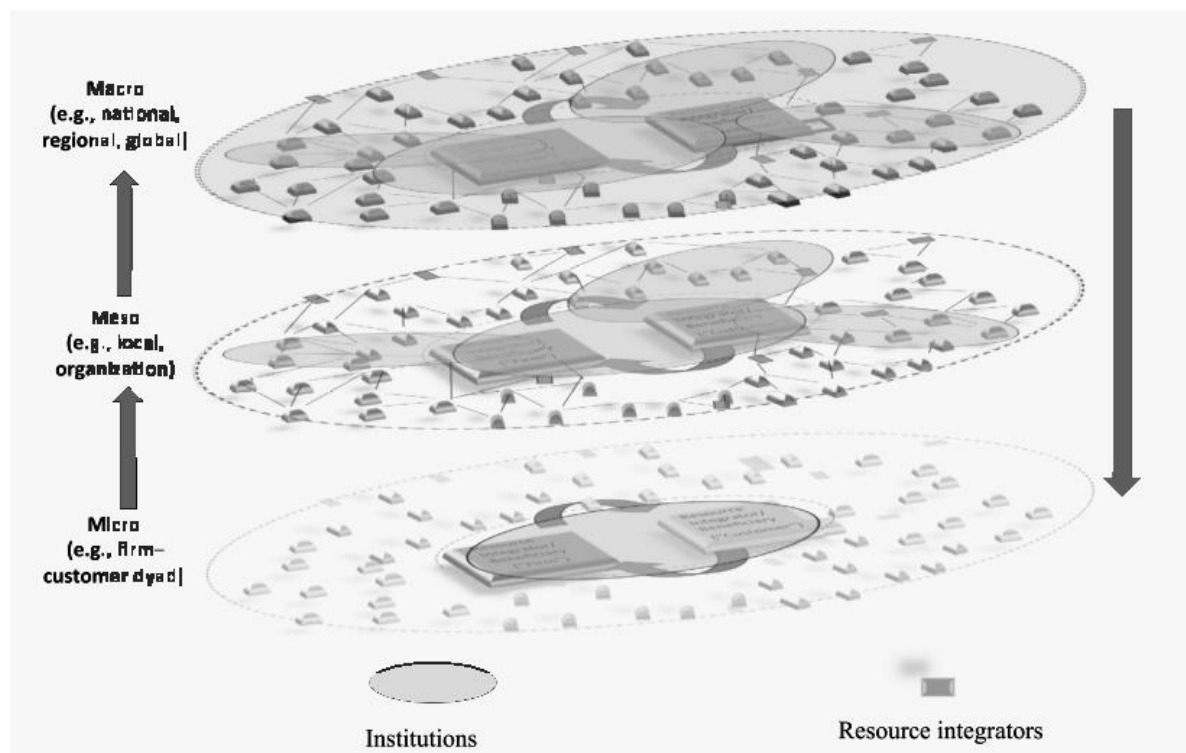
A service ecosystem, or a “system of service systems”, has the potential for representing the interrelationships among different types of actors and along different levels of context in a single framework (Chandler & Vargo, 2011; Vargo & Akaka, 2009) and is defined as “a configuration of people, technologies, and other resources that interact with other service systems to create mutual value” (Vargo & Lusch, 2016, p. 11). However, the authors stress that SdL gives more emphasis to the role of institutions than to technology. The largest service ecosystem is the global economy, while the smallest is formed by the persons engaged in a service exchange (Edvardsson et al., 2011).

This feature of SdL – ecosystem – is of utmost importance to value creation for three different reasons. First, an actor’s context influences his access to resources and hence it also influences resource integration. That is to say that each ecosystem conditions the use and the value of resources. Second, the context in which an actor is embedded can facilitate or hinder his activity. This is based on Granovetter’s theory of structural embeddedness (Granovetter, 1985) according to which individuals and organizations are

embedded in a context which, in turn, influences the individual's action. Therefore, SdL sees context as a resource to that actor. Third, and more important, context frames exchange, service and consequently, value creation from the idiosyncratic perspective of each actor involved in service provision (Chandler & Vargo, 2011).

As Akaka et al. (2013, p. 5) point out, service ecosystems approach draw “attention to understanding the fundamental drivers and dynamics of complex social and economic systems that influence and are influenced by exchange” since it is multidimensional as represented in figure 5.

Figure 5 - Conceptualization of service ecosystems



Source: (Akaka et al., 2013, p. 10)

In concrete terms, SdL sees service ecosystems as a context comprising three levels: (1) micro level; (2) meso level; and (3) macro level. Above each of these three levels, there is a meta layer. Direct service for service exchange between individual actors occurs at the micro level context. This dyad, two individual actors engaged in a mutual process of service exchange, is the basic form of service. Meso level emerges from micro level of context and frames indirect exchange as it occurs through serving one actor which in turn will serve another actor. This forms an intransitive triad as the actors involved in service exchange are not all directly connected. At the macro level context, complex service occurs as the result of synergies from multiple simultaneous direct and indirect service-for-service exchanges. The connection between the levels is made through a bottom-up aggregation effect but also through a top-down filter effect that influences actors at micro and meso levels (Chandler & Vargo, 2011; Lusch & Vargo, 2014).

According to Chandler and Vargo's (2011) article, an additional dimension is added to the service ecosystem description - a meta layer – with the purpose of introducing time and replication features in the ecosystem. According to the aforementioned authors, “replication, especially of institutions, paradoxically creates dynamically changing contexts at the same time that it also introduces stability to the system” (Chandler & Vargo, 2011, p. 44).

Despite this conceptualization, Vargo and Lusch stress that:

very loosely, we tend to place individual and dyadic structures and activities (i.e., what sometimes is considered B2B or B2C) at the micro level, midrange structures and activities (e.g., ‘industry’ or brand community) at the meso level, and broader societal structures and activities at the macro level, though we see

all levels as social and also as relative, rather than absolute, and thus these assignments are somewhat arbitrary (Vargo & Lusch, 2016, p. 17).

Dynamism is an important feature of an ecosystem sought through SdL lenses. It is a “spontaneously sensing and responding spatial and temporal structure” and not just a set of relationships (Vargo & Lusch, 2011, p. 185). In fact, ecosystems survive, adapt and evolve through the exchange and application of resources with other ecosystems (Edvardsson et al., 2011). The network approach proposed by SdL of how actors interact in order to create mutual value can be found in several empirical studies (e.g. Fyrberg & Juriado, 2009; McColl-Kennedy et al., 2015).

#### **2.1.5 Institutions Governing Value Cocreation.**

With just a few exceptions (e.g., Araujo & Spring, 2006; Brito, 2001; Cannon, Achrol, & Gundlach, 2000; Humphreys, 2010; Hunt, 2012; MacAlexander, Dufault, Martin, & Schouten, 2014) little attention has been given to institutions in marketing literature (Vargo & Lusch, 2016). On the contrary, SdL researchers have gradually been giving emphasis to the systemic nature of interactions between actors within an ecosystem (e.g., Akaka et al., 2013; Edvardsson et al., 2011; Vargo & Lusch, 2011) which highlight the importance of institutions.

Institutions are, from SdL perspective, the “rules, norms, meanings, symbols, practices, and similar aides to collaboration” whereas institutional arrangements are “interdependent assemblages of institutions” (Vargo & Lusch, 2016, p. 6).

Institutions play an important role in service ecosystems as they influence human actions and interactions (Akaka et al., 2013), and thus value cocreation, but also economic and social performance (Edvardsson et al., 2014). Vargo and Lusch (2016) are more specific and argue that the importance of institutions is due to human limited cognitive abilities which are bridged with the use of institutions. Akaka et al. (2015) stress the influence that institutions have on value which is rooted in individual experience, as already mentioned.

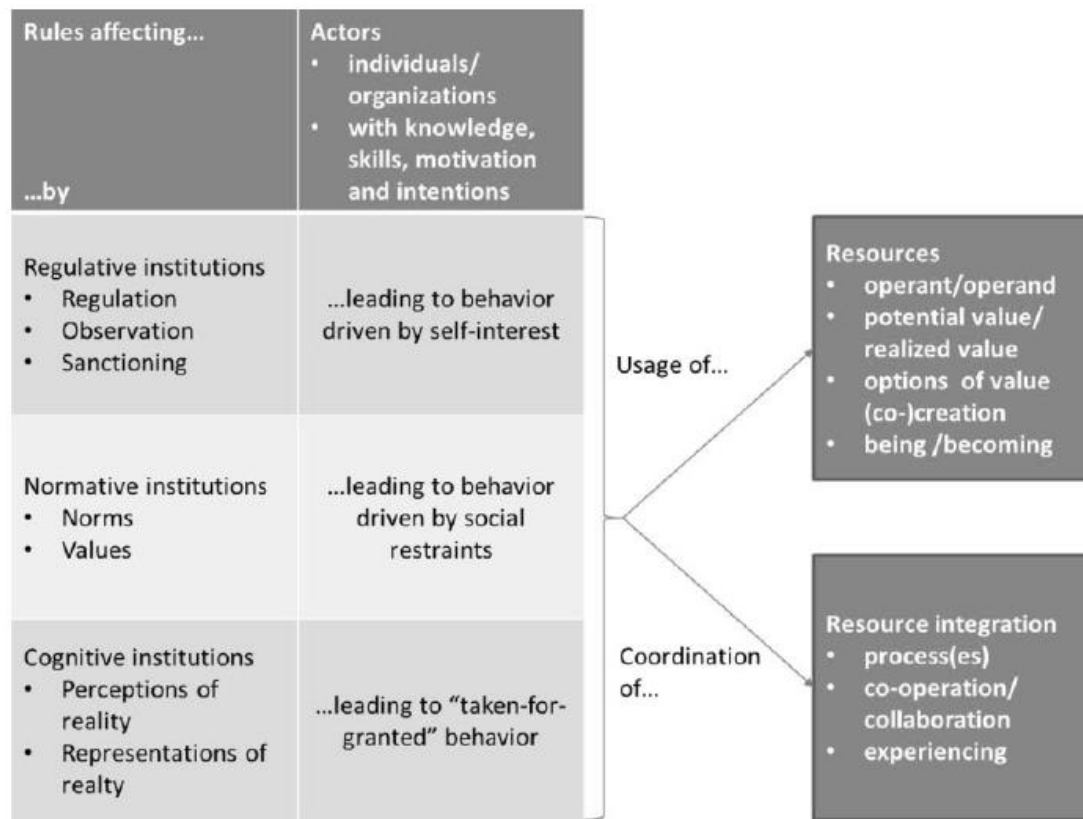
Also, institutions play a central role in innovation (i.e. the combinatorial evolution of new, useful knowledge) through institutionalization (i.e. the maintenance, disruption and change of institutions) (Vargo, Wieland, & Akaka, 2015).

Finally, institutions are capable of synchronizing actors in mutual resource integration either in an enabling or in a constraining way. Therefore, institutions also influence the efficiency that lies in the service ecosystem. On the other hand, service ecosystems also shape, change, and recreate institutions (Edvardsson et al., 2014).

Edvardsson et al. (2014, p. 302) also argue that “there is a dialectic and interdependent relation that can be stable and fixed or turbulent and dynamic between service ecosystems and institutions” since institutional influence can vary between actors, situations and over time as a result of learning and experience. Institutional influence, in turn, depends on actors’ agency and intentions.

A conceptual framework is proposed by Edvardsson et al. (2014), based on actors, resources, resource integration, and institutions, to understand value cocreation in service systems (figure 6).

Figure 6 - Conceptual framework to describe and understand value cocreation in service systems



Source: (Edvardsson et al., 2014, p. 297)

According to this framework, actors are individuals as well as formal or informal organizations (e.g. firms, peer groups, families) with knowledge, skills, motivation, and intentions at their disposal so that they are willing and able to integrate resources. Those resources are all tangible and intangible entities detained or, at least, accessed by actors in order to use them in resource integration. In turn, resource integration comprises the methods through which resources are used by actors in service provision. Resource integration is achieved through cooperative and collaborative processes between actors, leading to experiential outcomes and outputs, as well as mutual behavioural outcomes for all actors involved (Edvardsson et al., 2014).

The authors consider all three dimensions of institutions according to Scott's (20013) classification: 1) regulative institutions that lead to self-interest driven action such that when rules are not complied, sanction occurs; 2) normative institutions that take actors to behave according to social constraints or social benefits; and 3) cultural-cognitive institutions which, in turn, drives "taken-for-granted" action (see subsection 2.3.1 for a detailed description). These different institutions are not mutually exclusive. In fact, they can be simultaneously present and, therefore, jointly shape the actor's action in resource integration (Edvardsson et al., 2014).

Also, Vargo and Lusch (2016) argue that:

The S-D logic literature (...) is increasingly recognizing these institutions and institutional arrangements as the foundational facilitators of value cocreation in markets and elsewhere. In short, they can more fully inform an understanding of networks by conceptualizing them as resource-integrating, service-exchanging actors that constrain and coordinate themselves through institutions and institutional arrangements (p. 6).

Supported on the Relational Exchange School literature (e.g. Cannon et al., 2000; Cannon & Perreault Jr., 1999; Ivens, 2006), Vargo and Lusch (2016, p. 5) propose that "value cocreation is coordinated through actor-generated institutions and institutional arrangements" should be an axiom of the SdL framework. This way, the authors intend to specify the mechanisms of coordination and cooperation involved in the cocreation of value through markets since "markets are even more about cooperation than about the competition that is more frequently discussed" (Vargo & Lusch, 2016, p. 5).



Specifically, Relational Exchange School literature is particularly interested in the “soft factors” of business relationships. The work of Ivens (2006) provides a summary of these “soft factors” dimensions (table 2) based on relevant field literature and on empirical findings.

Table 2 - “Soft factors” dimensions of business relationships

Norm	Description
Long-term orientation (LTO)	An economic actor's desire and utility of having a long-term relationship with a specific exchange partner (Ganesan, 1994)
Role integrity (ROLE)	Maintenance of complex multidimensional roles forming a network of relationships (Kaufmann, 1987, p. 76)
Relational planning (PLAN)	Proactive and bilateral goal setting for joint future action; plans subject to adaptation (Palay, 1984; Heide, 1994)
Mutuality (MUT)	The actor's attitude that the realisation of one's own success passes through the partner's common success (Dant and Schul, 1992)
Solidarity (SOL)	Preservation of the relationship, particularly in situations in which one partner is in predicament (Kaufmann and Stern, 1988; Achrol, 1997)
Flexibility (FLEX)	The actor's readiness to adapt an existing implicit or explicit agreement to new environmental conditions (Noordewier <i>et al.</i> , 1990)
Information exchange (INFO)	The parties' readiness to proactively provide all information useful to the partner (Heide and John, 1992)
Conflict resolution (CONF)	Application of flexible, informal and personal mechanisms to the resolution of conflicts (Kaufmann, 1987)
Restraint in the use of power (POW)	Expectation that no actor will apply his legitimate power against the partner's interest (Kaufmann and Dant, 1992)
Monitoring behaviour (MON)	<i>Ex ante</i> and <i>ex post</i> control or supervisory actions in business relationships (Noordewier <i>et al.</i> , 1990)

Source: (Ivens, 2006, p. 97)

Despite the lack of empirical studies on institutions from a SdL perspective, the work of Akaka et al. (2014) regarding the role of symbols in value cocreation offers initial contributions to the theme. Particularly, it argues that symbols (i.e. practices and meanings) must be shared by actors in order for interaction to occur. These meanings are based on past experiences and help to guide future interactions and determinations of value. As views on value vary among actors and contexts, the cocreation of value depends critically on effective coordination as well as the articulation and communication of value propositions. The authors focus on four critical processes that are required for value cocreation to occur in service ecosystems (the coordination of interaction, the communication of information, the integration of resources, and the

evaluation of value) and explore the importance of symbols in each one of these processes in the case of Lego. Akaka et al. (2014) conclude that there is the need to understand symbols in value cocreation through institutions and institutional logics lenses.

## 2.2 Theory of Structuration

### 2.2.1 Duality of Agency and Structure.

Anthony Giddens (e.g., Giddens, 1979, 1984, 1985, 1987, 1990, 1991) is one of the most prominent contributors to contemporary structuralism. TS is one of those contributions by which the relationship between human agency and social structures is addressed. This relationship is the broader theme in social theory in which the relationship between institutions and individual actors' action fits. It is not our intent to provide a comprehensive review of TS, but rather to present the main lines of thought of this theory since it sustains the theoretical frameworks approached here.

The focus of TS is in social practices ordered across space and time. Practices are continually recreated (i.e. recursive) human activities (Giddens, 1984). In order to remain recursive, human activity depends on the reflexivity character of the agent which is the ability to elaborate discursively upon the reasons justifying the practice. According to Giddens (1984), continuity of a practice presumes reflexivity but reflexivity, in turn, is only possible because the practice persists in time and space.

In Giddens' (1979) words,

'Action' or agency, as I use it, thus does not refer to a series of discrete acts combined together, but to *a continuous flow of conduct*. We may define action, if I may borrow a formulation from a previous work, as involving a 'stream of actual or contemplated causal interventions of corporeal beings in the ongoing process of events-in-the world' (Giddens, 1979, p.55)

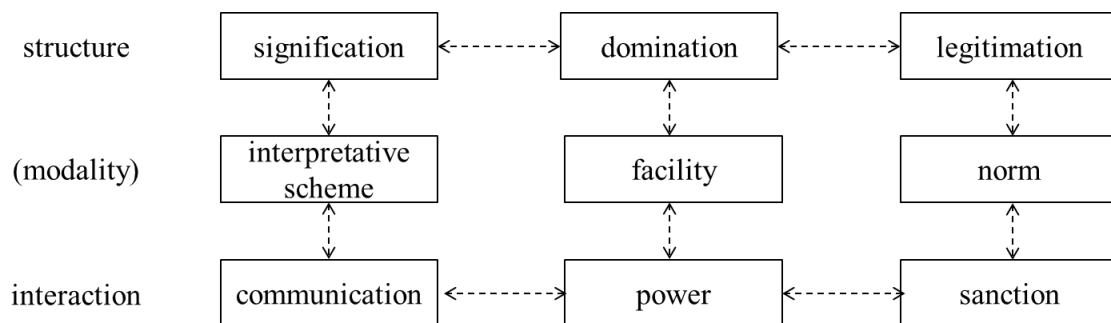
The fact that individuals have the choice of acting differently – free will – is a central characteristic of human agency as individual actors have the “capacity to understand what they do while they do it” (Giddens, 1984, p. xxii). This knowledge owned by actors about what they do and why they do it is mainly carried in practical consciousness and consists of the tacit knowledge required to act in routine situations of social life (Giddens, 1984). Routinization, or “the habitual, taken-for-granted character of the vast bulk of the activities of day-to-day social life” (Giddens, 1984, p. 376) allows a sense of trust (i.e. ontological security) in the daily activities through psychological mechanisms (Giddens, 1984).

Social structure, the other central concept in TS is the set of “rules and resources, recursively implicated in the reproduction of social systems” (Giddens, 1984, p. 377) and it is present in individuals’ memory traces. In fact, structures are triggered by individuals, as knowledgeable agents, in their social practices and interactions (Giddens, 1984).

Giddens identifies and distinguishes between signification (meaning), legitimation (morality) and domination (control) structures, as depicted in figure 7. Signification structures are reproduced through interpretative schemes and semantic rules kept within actors' stocks of knowledge and applied through communication during social interactions, whereas legitimation structures are conveyed as social norms and values in order to evaluate the legitimacy of other agent's action and to apply sanctions. Giddens refers to signification and legitimation structures as rules. In turn, domination structures are reproduced through the exercise of power enabled by the mobilization of two types of resources: authoritative or allocative resources. While the former are the non-material resources involved in the generation of power, deriving from the capability of

harnessing the activities of human beings that result from the dominion of some actors over others, the latter are those material resources involved in the generation of power, including the natural environment and physical artefacts that derive from human domination of nature (Giddens, 1984).

Figure 7 - Dimensions of the duality of structure



Source: (Giddens, 1984, p. 29)

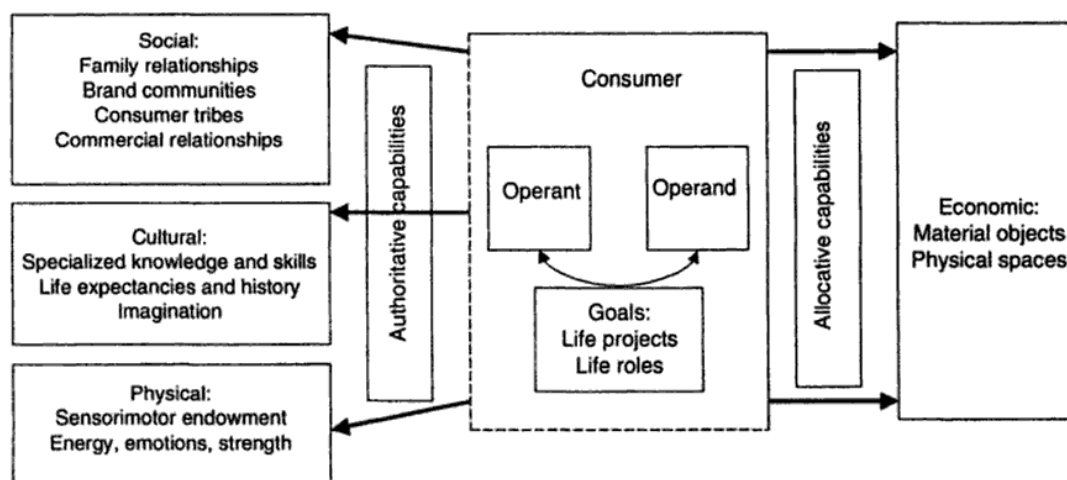
Structures existing in agents' minds both enable and constrain human agency and hence constitute social practices. On the other hand, structures themselves depend on agents' repeated drawing upon of those very same rules and resources. According to Giddens (1984), this latter phenomenon is not independent and far less opposed to the mentioned former phenomenon. In fact, they should be conceived as interrelated, as a duality. This proposition is the fundamental premise of TS, known as "duality of structure". In Giddens' (1984, p. 19) own words, "the rules and resources drawn upon in the production and reproduction of social action are at the same time the means of system reproduction" and, this duality of structure is always the main ground where social reproduction occurs across time and space.

Despite its broader influence felt in almost every social sciences field, TS has also received criticisms. The most frequent is the observation that TS is a macro-theory with high levels of abstraction which greatly hinders its empirical application (Barley & Tolbert, 1997; Coad & Herbert, 2009; Thornton et al., 2012; Vargo & Akaka, 2012).

### 2.2.2 Duality of Structure in Service-dominant Logic.

Arnould, Price and Malshe (2006) propose a framework that conciliates Consumer Culture Theory with TS and SdL perspectives in a consumers' operand and operant resources framework, in which cultural operant resources are considered (figure 8). Specifically, the aforementioned authors argue that the configuration of consumer's operant resources affects how his operand resources are employed and define cultural operant resources as "varying amounts and kinds of knowledge of cultural schemas, including specialized cultural capital, skills and goals" (Arnould et al., 2006, p. 94).

Figure 8 – Consumer's operand and operant resources



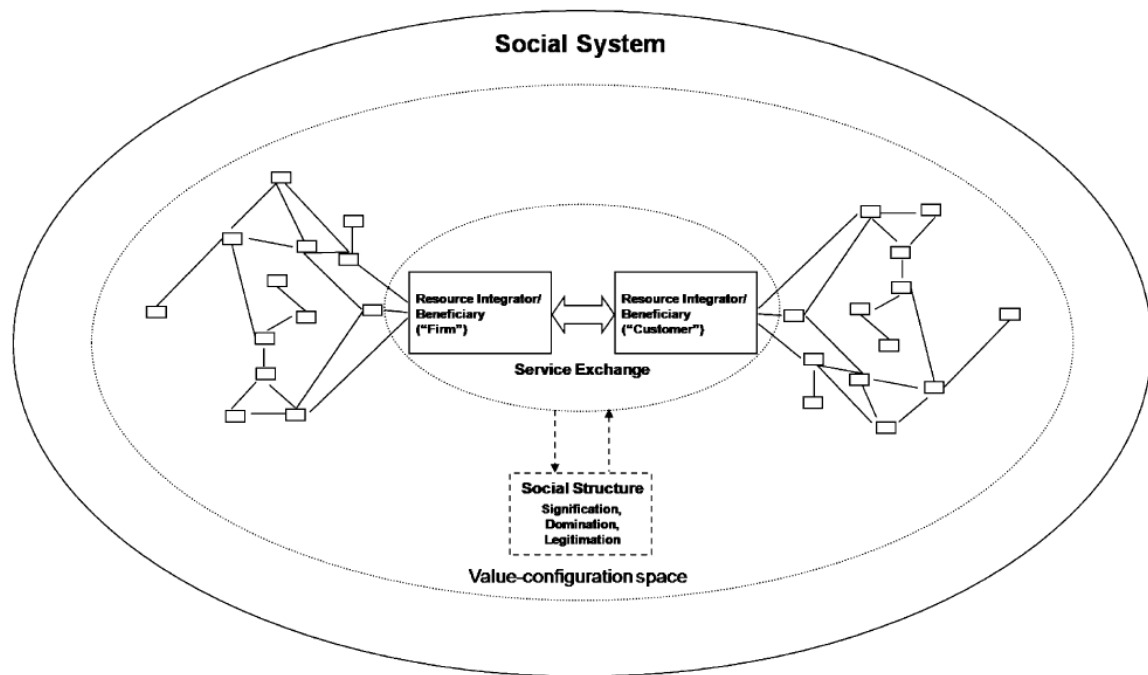
Source: (Arnould et al., 2006, p. 92)

Vargo and Lusch (2011) state the commonalities between SdL and TS, arguing that the latter is one of the streams of research supporting the SdL perspective on ecosystems and emphasize how duality of structure occurs in ecosystems. In their words:

How actors draw upon one another as resources is critically dependent on the contexts in which they are embedded. For this reason, actors can be said to be partially defined by their contexts while their contexts can be said to be partially defined by them (the actors). In other words, actors and their contexts are mutually constitutive, or partially defined by one another (Giddens, 1979). Each actor brings a unique quality to the context that affects other actors in the context, as well as the context as a whole. Because each actor in the context is always integrating and exchanging resources with other actors and thereby serving other actors, there is continuous change in the context (Chandler & Vargo, 2011, p. 38; see also Vargo & Akaka, 2012).

Edvardsson et al. (2011) draw upon social construction theories in order to present a framework particularly suitable for explaining how service exchange and value cocreation are influenced by their embeddedness in social systems. In order to pursue this objective, the authors review several social construction theories and identify TS as particularly compatible with SdL since Giddens' conceptualization of a social system is similar to the SdL view of a service ecosystem: they both adapt and survive through interaction and resource integration is seen in both as mutually beneficial. The same authors argue that SdL would benefit from incorporating some aspects of TS (Edvardsson et al., 2011).

Figure 9 - Social structure and service/social systems in SdL



Source: (Edvardsson et al., 2011, p. 333)

Through figure 9 authors intend to demonstrate that service exchange between the beneficiaries and the service ecosystems is always embedded in a wider social ecosystem that has an impact on them. The social structures of those social ecosystems are characterized by a clear purpose (meaning), role clarity (control), and transparency (moral rules), in accordance with TS. During service exchange, all actors involved draw upon a functional service ecosystem and upon particular rules and resources (i.e., social structures). This process ensures the reproduction and even, a possible transformation, of the social structure (Edvardsson et al., 2011).

According to Edvardsson et al. (2011), the ecosystem in which individuals are embedded has a significant impact on (1) the value resulting from a service exchange in



such a way that authors suggest the replacement of the expression “value-in-use” for “value-in-social-context”; (2) the way resources are assessed, especially operant resources; (3) the actors’ perceptions, particularly the perceptions of service beneficiaries concerning the information symmetry or asymmetry in service exchange. Some SdL authors approach this topic as power within relationships (e.g. Peñaloza & Venkatesh, 2006); and (4) the dynamism of actors’ roles in service exchange.

The reflection made by Edvardsson et al. (2011) about how value cocreation can be fully conceptualized and how service ecosystems are created and recreated, took them to conclude that a deeper understanding of the actions (resource integration practices) and institutions that shape them is needed.

These mentioned developments of SdL, grounded on TS, are acknowledged by Vargo and Lusch (2016):

Practice theory is important to this advancement because, like S-Dlogic, it shifts the focus from production output to activities and processes - for our purposes, of resource integration, service exchange, and value creation and determination - and thus reinforces S-D logic’s shift in the primacy of resources from operand to operant. It also makes institutions and institutionalization processes integral. This should be no surprise, given that practices - routinized activities - are institutions (Vargo & Lusch, 2016, p. 19).

Hence, in order to fully embrace TS principles, SdL assumes institutions at their core axioms in order to represent the rules dimension of social structures whereas the second dimension of social structures – resources – is already a fundamental concept in SdL (Vargo & Lusch, 2016).

## **2.3 Institutional Theory**

### **2.3.1 Different Perspectives on Institutions.**

Institutions are, according to Scott (2013, p. 56), a comprehensive concept which “comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life”. This definition purposely wants to put together what Scott (2013) calls the “three pillars of institutions”: regulative, normative and cultural-cognitive pillars.

These elements are interdependent but each one of them has a particular role: “Cultural cognitive frameworks provide the deeper foundations of institutional forms. In formulating the classificatory systems, assumptions, and premises that underlie institutional logics, they provide the infrastructure on which not only beliefs, but norms and rules rest” (Scott, 2008, p. 429).

Nevertheless, as Scott (2013) also acknowledge, although it is possible to conceptualize institutions as a combination of regulative, normative, and cultural-cognitive elements (e.g Mizruchi & Fein, 1999), each field area approaching institutions gives prominence to one pillar instead of the others. As Phillips and Malhotra (2008) point out, contrary to cultural-cognitive mechanisms, coercive and normative mechanisms are externally managed by different actors. Furthermore, coercive and normative mechanisms result in strategic action while cultural-cognitive mechanisms work through shaping cognition. These reasons, according to Phillips and Malhotra (2008), make those three mechanisms irreconcilable. Instead, Scott (2013) points out that institutions are a multidisciplinary subject and the differences found between the assumptions, mechanisms and indicators supporting each one of those three pillars are a consequence of the different and even

contrasting views over the nature of social reality and social order among researchers from those different areas.

Now, we briefly present the research streams according to the centrality of each institutional pillar. The main dimensions of each one of the three research streams are also identified in table 3, organized by pillars.

Table 3 - The three pillars of institutions

	<i>Regulative</i>	<i>Normative</i>	<i>Cultural-Cognitive</i>
<i>Basis of compliance</i>	Expedience	Social obligation	Taken-for-grantedness Shared understanding
<i>Basis of order</i>	Regulative rules	Binding expectations	Constitutive schema
<i>Mechanisms</i>	Coercive	Normative	Mimetic
<i>Logic</i>	Instrumentality	Appropriateness	Orthodoxy
<i>Indicators</i>	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action Isomorphism
<i>Affect</i>	Fear Guilt/ Innocence	Shame/Honor	Certainty/Confusion
<i>Basis of legitimacy</i>	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported

Source: (Scott, 2013, p. 60)

#### *2.3.1.1 Institutional studies focusing on regulative elements.*

Institutional studies emphasizing regulative aspects of institutions are usually to be found in economic sciences (e.g., Moe, 1984; North, 1990). According to North (1990, p.3), institutions are "the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction". This stream of institutional

research, also known as rational choice institutionalism (Hall & Taylor, 1996), devotes special attention to how behaviour is influenced by explicit regulatory processes involving rule-setting, monitoring compliance with those defined rules and implementing sanctions (i.e. rewards or punishments). The logic of institutions in this stream is, therefore, instrumental as laws and rules are set in order to achieve interests (Geels, 2004; Scott, 2013).

Like many other economic studies, this research stream is conducted under the assumption that individuals make their choices in a rational way. Yet, these decisions are bounded by “humanly devised” rules (i.e. institutions) (North, 1990).

#### *2.3.1.2 Institutional studies focusing on normative elements.*

This research stream, arising from the work of early sociologists, focuses on normative rules that give a prescriptive, evaluative, and obligatory dimension to social life. These normative rules include both values (i.e. conceptions of the desirable along with the construction of standards to which existing structures can be compared and assessed) and norms (i.e. the specification of how things should be done in order to be considered legitimate). Therefore, normative systems not only set the objectives but also define the legitimate means to achieve them. Such rules, internalized by actors through socialization processes, grant responsibilities, duties and mandates, on one hand, but also confer rights, privileges and licenses, on the other hand. These normative systems are equally applied to all members of a collective or, instead, to particular members of a group playing specific roles (Geels, 2004; Scott, 2013).

Individual rationality is driven, according to the researchers following this stream, by what March (1991) calls "logic of appropriateness" under which choice is oriented by a moral framework that takes into account one's relations and obligations to others in that specific situation, which makes moral aspects of utmost importance to researchers following this stream and to whom the normative rules are the basis of a stable social order (Scott, 2013).

#### *2.3.1.3 Institutional studies focusing on cultural-cognitive elements.*

Institutions, according to cultural-cognitive theorists, are "*more-or-less taken-for-granted repetitive social behaviour that is underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order*" (Greenwood, Oliver, Sahlin, & Suddaby, 2008, pp. 4–5). Action, in this setting, results from both rational calculations and nonrational premises held by the individual. These non-rational premises are socially constructed models, assumptions and schemas that enter into routine and become taken-for-granted. These models, assumptions and schemas are "a collection of internalized symbolic representations of the world" (Scott, 2013, p. 67).

Culture is the second focus of attention of this stream of institutional research as it assumes that those cognitive understandings, internal to each individual, are shaped by external cultural frameworks. Therefore, institutional researchers emphasizing cultural-cognitive mechanisms pay special attention to culture as a common framework of meanings (Scott, 2013).

Through cultural-cognitive lenses, all actors and their actions are seen as social constructions in the sense proposed by Berger and Luckmann (1967), a seminal reference to this research stream, as they arose through particular constitutive frameworks resulting from specific contexts.

Meyer, Boli and Thomas' words (1987) are particularly enlightening of this idea:

Most social theory takes actors (from individuals to states) and their actions as real, a priori, elements (...) [in contrast] we see the *existence* and characteristics of actors as socially constructed and highly problematic, and action as the enactment of broad institutional scripts rather than a matter of internally generated and autonomous choice, motivation and purpose (p. 13).

One of the prominent features of institutional studies focusing on cultural-cognitive elements, is the acknowledgment that it is not possible to understand action apart from societal context (Scott, 2013). Organizations and individual actors are seen as embedded in industries, professional groups or national societies and the contexts “penetrate the organization, creating the lenses through which actors view the world and the very categories of structure, action and thought”(DiMaggio & Powell, 1991, p. 13). This premise is known as embedded agency, originated from Granovetter's theory of Structural Embeddedness (Granovetter, 1985) and further developed in order to consider also cultural, political, and cognitive embeddedness (Zukin & DiMaggio, 1990).

The work of sociologists and organization studies researchers forming NiT stream of investigation, whose main concepts, ideas, and work evolution over time are discussed

below, is the main contribution to institutional research focusing on cultural-cognitive aspects.

### **2.3.2 Focusing on Cultural-Cognitive Dimension of Institutions.**

#### *2.3.2.1 Neo-institutionalism overview.*

The focus on cultural-cognitive dimension of institutions is a key distinguishing feature of NiT (Scott, 2013) which is, in turn, and according to Greenwood, Oliver, Sahlin and Suddaby (2008), one of the most used approaches to understanding organizations. This research stream began to emerge in the late seventies supported by the works of Meyer and Rowan (1977), Zucker (1977), and DiMaggio and Powell (1983) which are considered by many researchers the foundational papers of NiT (e.g. DiMaggio & Powell, 1991; R Greenwood et al., 2008; Scott, 2013). NiT has its roots in early institutional research developed by a group of researchers, including Selznick (1948) and Gouldner (1957). However, as organizational institutionalism begins to gain supporters in the academic community, it also begins to diverge from the institutional perspective focusing on normative elements. This event took Powell and DiMaggio (1991) to claim for a “new institutionalism” in organization theory under the argument that the two institutional approaches have divergent conceptions of the environment, of conflict and change, of individual action, and of the subject of analysis.

According to Powell and DiMaggio (1991), these differences between the “old” and the “new” institutionalism result from the changes that occurred both on the macro and the micro level of analysis: at a macro level, historical changes caused a change of the environment focus from a local perspective to a broader macro level and at a micro

level, an evolution of social knowledge about human motivation and action has occurred. Nevertheless, Selznick (1996) argues that “old” and “new” institutionalism are not irreconcilable, they are, instead, both part of a larger institutional theory.

While describing the evolution of NiT, Greenwood et al. (2008) identify three distinct phases: (1) the foundational phase between 1977 and 1983; (2) the infancy phase comprised between 1983 and 1991; and (3) the expansion phase ranging from 1991 until 2008.

During the foundational phase (1977-1983), the central focus of NiT is the organization and how it adapts to the context. The institutional context is defined as the “widespread social conceptions of appropriate organizational form and behaviour constitute the institutional environment of organizations” (Tolbert, 1985, p. 2) but in this initial phase, the word context is often used with two distinct meanings: context as symbolic/cultural influences, as proposed by Tolbert’s (1985) definition and context as a regulatory framework, in the sense applied by institutional studies focusing on regulative elements. In this relationship between the organization and its context, relational networks are also considered since these networks are defined as both antecedents of widespread social understandings and means for their transmission (DiMaggio & Powell, 1983).

One of the key theoretical assumptions that arise in this foundational phase is that organizations become “isomorphic” with (i.e. conform to) their institutional context in order to gain “legitimacy” (i.e. social approval) among their stakeholders (Meyer & Rowan, 1977). Conforming to institutional rules guarantee organizations access to necessary resources thus enabling the organizations’ survival. Yet, “isomorphic” behaviour and technical efficiency objectives can conflict (Meyer & Rowan, 1977; Zucker, 1987).



Institutionalization is another central concept in this early phase of NiT literature. It is defined by Meyer and Rowan (1977, p. 341) as the process by which “social processes, obligations, or actualities come to take on a rule-like status in social thought and action”. Also noteworthy is DiMaggio and Powell’s (1983) research on “coercive, normative and mimetic” processes of social reproduction.

It was only in the period between 1983 and 1991, the infancy phase, that empirical research on NiT began to emerge. Greenwood et al. (2008) identify four distinct categories of empirical studies among the work provided by NiT researchers in that period: the first group of empirical studies are those focusing on practices to achieve organizational legitimacy (e.g. Fligstein, 1987; Tolbert & Zucker, 1983); a second group is formed by those empirical works regarding the idea that institutionalized organizations converge around specific practices (e.g. Baron, Jennings, & Dobbin, 1988; Pfeffer & Cohen, 1984); the third group gathers the works related with comparisons among distinct cultures and their impact on organizations (e.g. Birnbaum & Wong, 1985; Lincoln, Hanada, & Olson, 1981); and one last group which brings together the works that deal with transmission of ideas across organizations (e.g. Ghoshal, 1988).

Issues such as the widespread recognition that researchers still do not know enough about how organizations promote their interests in corresponding institutional contexts were highlighted in NiT literature from that period (Neilsen & Rao, 1987). Also, it is widely acknowledged, in the late 1980s, that organizations’ responses to institutional processes are not as homogeneous as initially thought since organizations are no longer seen as unitary bodies (DiMaggio & Powell, 1991). Hence, it is suggested that NiT researchers should consider agency in future research.

These considerations set the path to the work developed since the 1990s and themes like institutional change, legitimacy from an agentic approach, and cultural symbols have emerged. Great importance was given to the organizational responses to institutional pressures and NiT researchers look at it from three main approaches: the first and most dominant approach examines how institutional prescriptions are mediated by the position held by the organization in a social network (e.g. Davis & Greve, 1997; Westphal & Zajac, 2001). The second approach focuses on intraorganizational aspects to explain the responses provided by organizations (e.g. Greenwood & Hinings, 1993; Beck & Walgenbach, 2005). Noteworthy is the five-part typology of organizational strategic responses to institutional processes affecting organizations proposed by Oliver (1991). Organizational behaviours as a response to institutional influence, varying from most to least passive, are described in table 4. This framework has provided the theoretical foundation for numerous empirical studies (e.g. Seo & Creed, 2002; Thornton, 2002).

Table 4 – Strategic responses to institutions

Strategies	Tactics	Examples
Acquiesce	Habit	Following invisible, taken-for-granted norms
	Imitate	Mimicking institutional models
	Comply	Obedying rules and accepting norms
Compromise	Balance	Balancing the expectations of multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
Avoid	Conceal	Disguising nonconformity
	Buffer	Loosening institutional attachments
	Escape	Changing goals, activities, or domains
Defy	Dismiss	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the sources of institutional pressure
Manipulate	Co-opt	Importing influential constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes

Source: (Oliver, 1991, p. 152)

A third approach examines the problem by looking at organizational identity and its consistency with institutional pressures (e.g., Elsbach & Kramer, 1996; Kostova & Roth, 2002). Central places in the research conducted during this period were taken by legitimacy (e.g. Arndt & Bigelow, 2000; Aldrich & Fiol, 1994), institutional change (e.g., Leblebici, Salancik, Copay, & King, 1991), and institutional logics as cultural symbols (e.g., Friedland & Alford, 1991; Thornton, 2004).

Nowadays, the spotlight of organizational studies' research is on complexity issues, particularly, contradictory pressures and complex institutional environments (e.g., Delbridge & Edwards, 2013; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Raaijmakers, Vermeulen, Meeus, & Zietsma, 2015).

#### 2.3.2.2 *Cultural systems.*

Culture is a central concept in institutional studies focused on cultural-cognitive elements as this perspective over institutions assumes that the actor's internal interpretative processes are shaped by external cultural frameworks (Scott, 2013). As Hofstede, Hofstede and Minkov (1991, p. 5) puts it, culture is like the “software of the mind” by providing “patterns of thinking, feeling, and acting”.

The conception of culture, present in early institutional works, as monolithic and internally coherent across groups and situations (DiMaggio, 1997; Scott, 2013) is replaced in NiT analysis by another perspective over culture, wherein it is seen as a “tool kit of symbols, stories, rituals, and world-views, which people may use in varying configurations to solve different kinds of problems” (Swidler, 1986, p. 273).

DiMaggio (1997) draws on Sociological and Psychological literatures to argue that culture works through the interaction among information, mental structures and symbolic systems. The information about culture is distributed across persons in a patterned, but not highly differentiated way. Mental structures, in turn, shape the way individuals attend to, interpret, remember, and respond emotionally to the information owned. Finally, symbolic systems are external to individuals and can include the content of talk, elements of the constructed environment, media messages, and meanings embedded in observable activity patterns.

DiMaggio (1997) argues that, while individuals have several mental structures available in order to make decisions, the invocation of which one to use will be guided, for each specific situation, by “cultural cues” available in the environment.

Regarding culture, Scott (2013) points out that:

Cultural systems operate at multiple levels, from the shared definition of local situations to the common frames and patterns of belief that comprise an organization's culture, to the organizing logics that structure organization fields, to the shared assumptions and ideologies that define preferred political and economic systems at national and transnational levels. These levels are not sealed but nested, so that broad cultural frameworks penetrate and shape individual beliefs on the one hand and individual constructs can work to reconfigure far flung belief systems on the other (p. 68).

Nevertheless, the most frequent scenario in empirical works on culture presumes that culture is organized around national societies or cohesive subnational groupings (DiMaggio, 1997).

Friedland and Alford (1991), in one of the founding articles of NiT, introduce the discussion concerning culture's logics of action through the concept of institutional logics. According to the authors, institutional logics are "a set of material practices and symbolic constructions" that constitute an institutional order's "organizing principles" and are "available to organizations and individuals to elaborate." These logics are "symbolically grounded, organizationally structured, politically defined and technically and materially constrained." (Friedland & Alford, 1991, p. 248).

Another important contribution made by this work is the conceptualization of society as an interinstitutional system. In western societies, "interinstitutional systems" comprise "capitalist market, bureaucratic state, democracy, nuclear family and Christian religion" as their central institutions or institutional orders (Friedland & Alford, 1991, p. 232), and each one of them has its particular logic available for the use of firms and

individuals. The organizing principles of each institutional order are presented in table 5.

Table 5 - Institutional logics in the interinstitutional system, according to Friedland and Alford (1991)

Organizing principles	Capitalist market	Bureaucratic state	Democracy	Nuclear family	Christian religion
Rituals that reinforce beliefs	Signing contracts	Issuance of budget & plans	Voting	Marriage	Communion
Relativation of values	Accumulation & commodification of human activity	Rationalization & regulation of human activity	Popular control over human activity	Motivation of human activity	Symbolic construction of human activity
Basis of affiliation		Legal & bureaucratic hierarchies	Citizen participation	Community	Membership in congregation
Basis of obligation	Convert human activity to a price	Convert diverse individual issues into consensus		Reproduction of family members	Convert issues into moral principles
Basis of loyalty				Unconditional to members	Faith of congregation

Source: (Thornton et al., 2012, p. 43)

As explained by Friedland and Alford (1991):

The institutional logic of capitalism is accumulation and the commodification of human activity. That of the state is rationalization and the regulation of human activity by legal and bureaucratic hierarchies. That of democracy is participation and the extension of popular control over human activity. That of the family is community and the motivation of human activity by unconditional loyalty to its members and their reproductive needs. That of religion, or science for that matter, is truth, whether mundane or transcendental, and the symbolic construction of reality within which all human activity takes place (p. 248).

The authors also stress that society consists of three levels: “individuals competing and negotiating, organizations in conflict or coordination and institutions in contradiction and interdependency” (Friedland & Alford, 1991, p. 240). All three levels are necessary to understand society, all three levels are nested and both organizations and institutions progressively constraint or provide opportunity for individual action (Friedland & Alford, 1991).

Friedland and Alford’s conception of institutional logic is, in DiMaggio’s (1997) words:

Immensely appealing. First, it proposes that external rituals and stimuli interact with internal mental structures to generate routine behavior. Second, it is consistent with the view that culture is fragmented among potentially inconsistent elements, without surrendering the notion of limited coherence, which thematization of clusters of rituals and schemata around institutions provides. Third, it provides a vocabulary for discussing cultural conflict as confrontation between inconsistent logics of action (p. 277).

Institutional logics proposed by Friedland and Alford (1991) has been used by a wide range of scholars in several empirical settings (e.g. Almandoz, 2012; Battilana & Dorado, 2010; Ferreira, Caruana, & Cohen, 2015; Haveman & Rao, 1997; Rao, Monin, & Durand, 2003; Thornton & Ocasio, 1999; Tilcsik, 2010; Townley, 1997). Within this plethora of authors it is worth bringing to the forefront the study of responses to institutional isomorphism in universities (Townley, 1997); the historical contingency of power in organizations in the publishing industry (Thornton & Ocasio, 1999) and the substitution of institutional logics and role identities among elite chefs in France (Rao et al., 2003).

The initial formulation of the interinstitutional system was updated and extended by Thornton and Ocasio (1999), and then by Thornton (2004), based on empirical findings and from those works resulted an ideal-type theory of the contemporary western logics of action comprising the already mentioned by Friedland and Alford (1991) orders of market, state, family and religion but also corporation and profession orders.

While “within the sphere of the market, sensemaking occurs through the lens of self-interest” (Thornton et al., 2012, p. 3), the religion, family and state logics are briefly explained as follows:

The institutional order of religion focuses on an explanation for the origin of the world and in converting all issues into expressions of absolute moral principles on the basis of faith. The institutional order of the family focuses on converting social relations into reciprocal and unconditional obligations oriented to the reproduction of family members. Beliefs are reinforced through rituals. The focus of the institutional order of the state is to convert diverse issues into consensus or majority vote (Thornton et al., p. 44).

The addition of professional and corporation logics were due to Meyer and Rowan’s (1977) and DiMaggio and Powell’s (1983) foundational works that describe in detail the influence of professions and Fligstein’s seminal (1985, 1987) research on corporations as an institution and a governance system (Thornton et al., 2012).

The profession logic is summarized by Thornton et al. (2012) as “under the influence of the professions it [sensemaking] does not or does so in a tempered way, for example through concerns over personal reputation, professional association, and quality of craft.” (p. 3), while “the corporation is a legal institution that has given rise to a wide



range of economic activity because of its distinct advantages such as capital assimilation, ability to engage in contracts, and limited liability for shareholders” (Thornton et al., 2012, p. 67).

In the latest version of the interinstitutional system framework one new order was added to the aforementioned – community order – to represent “a *territory* and the social action that is not restricted exclusively to the satisfaction of common economic needs of the communal economy” (Thornton et al., 2012, p. 68), as shown in table 6.

Table 6 - Institutional logics in the interinstitutional system, according to Thornton et al. (2012)

Y-Axis:	X-Axis: Institutional Orders						
Categories	Family 1	Community 2	Religion 3	State 4	Market 5	Profession 6	Corporation 7
<b>Root Metaphor 1</b>	Family as firm	Common boundary	Temple as bank	State as redistribution mechanism	Transaction	Profession as relational network	Corporation as hierarchy
<b>Sources of Legitimacy 2</b>	Unconditional loyalty	Unity of will Belief in trust & reciprocity	Importance of faith & sacredness in economy & society	Democratic participation	Share price	Personal expertise	Market position of firm
<b>Sources of Authority 3</b>	Patriarchal domination	Commitment to community values & ideology	Priesthood charisma	Bureaucratic domination	Shareholder activism	Professional association	Board of directors Top management
<b>Sources of Identity 4</b>	Family reputation	Emotional connection Ego-satisfaction & reputation	Association with deities	Social & economic class	Faceless	Association with quality of craft Personal reputation	Bureaucratic roles
<b>Basis of Norms 5</b>	Membership in household	Group membership	Membership in congregation	Citizenship in nation	Self-interest	Membership in guild & association	Employment in firm
<b>Basis of Attention 6</b>	Status in household	Personal investment in group	Relation to supernatural	Status of interest group	Status in market	Status in profession	Status in hierarchy
<b>Basis of Strategy 7</b>	Increase family honor	Increase status & honor of members & practices	Increase religious symbolism of natural events	Increase community good	Increase efficiency profit	Increase personal reputation	Increase size & diversification of firm
<b>Informal Control Mechanisms 8</b>	Family politics	Visibility of actions	Worship of calling	Backroom politics	Industry analysts	Celebrity professionals	Organization culture
<b>Economic System 9</b>	Family capitalism	Cooperative capitalism	Occidental capitalism	Welfare capitalism	Market capitalism	Personal capitalism	Managerial capitalism

Source: (Thornton et al., 2012, p. 73)

According to Thornton et al. (2012), the institutional orders are the subsystems of institutions in societies and when combined, compose the “key cornerstones of society”.

Each institutional order is defined as a different domain of institutions built around an institutional order, a cornerstone institution that governs an area of life. Each institutional order also represents a governance system that provides a frame of reference that precondition actors' sensemaking choices.

The elemental categories or building blocks of each institutional order represent the cultural symbols and material practices particular to that order. These categories shape individual and organizational preferences and interests but also the group of behaviours by which interests and preferences are achieved within the area of influence of a specific order. As Thornton et al. (2012) put it, the elemental categories represent “ how individuals and organizations, if influenced by any one institutional order, are likely to understand their sense of self and identity: that is, who they are, their logics of action, how they act, their vocabularies of motive and what language is salient” (p.54).

This interinstitutional system seeks to portray institutions present in Western societies (Friedland & Alford, 1991; Thornton et al., 2012). However, not all of these orders are equally present in each society. Some of those mentioned orders are more likely to be found in Western societies than others (Thornton et al., 2012) or could appear in an initial form in non-Western societies (Scott, 2003). Also, the logic under each order can either compete or complement the logic of other orders (Friedland & Alford, 1991; Thornton et al., 2012).

Similar to what happened after Friedland and Alford's work and also after the works of Thornton and Ocasio (1999), Thornton (2004) and Thornton et al. (2012) regarding institutional logics, several other authors draw on it including on how decoupling unfolds in a post-Communist government agency (Tilcsik, 2010), how different institutional logics are managed internally by private organizations in France (Pache &

Santos, 2013); or how employees use institutional logics to produce meaning inside an organization (Ferreira et al., 2015).

Central to present research concerning institutional logics is the idea that organizations are guided not by a single logic but by several logics simultaneously (i.e. institutional complexity) (e.g. Greenwood et al., 2011; Jones, Maoret, Massa, & Svejnova, 2012; Pache & Santos, 2013; Seo & Creed, 2002). Logics are, at least partially, incompatible as they differ either in ideological goals or in the means of action prescribed (i.e. conflicting logics) (Pache & Santos, 2010). As a result, organizations incorporating different logics are defined as hybrid (Greenwood et al., 2011; Pache & Santos, 2013; Seo & Creed, 2002). Regarding multiplicity of logics within organizations, Besharov and Smith (2014) propose a framework that categorizes organizations in terms of the logics' compatibility and centrality and explains how field, organizational, and individual factors influence these two dimensions (table 7). Similarly, recent empirical studies carried out at the individual level also show the presence of multiple logics simultaneously (Ferreira et al., 2015).

Table 7 – Factors affecting compatibility and centrality of institutional logics

<b>Level of Analysis</b>	<b>Factors that Influence Compatibility</b>	<b>Factors that Influence Centrality</b>
Institutional Field	Number of professional institutions and relationship between them	Power and structure of field actors (i.e., fragmented centralization)
Organization	Hiring and socialization	Mission and strategy Resource dependence
Individual	Ties to field-level referents Interdependence	Adherence to logics Relative power

Source: (Besharov & Smith, 2014, p. 367)

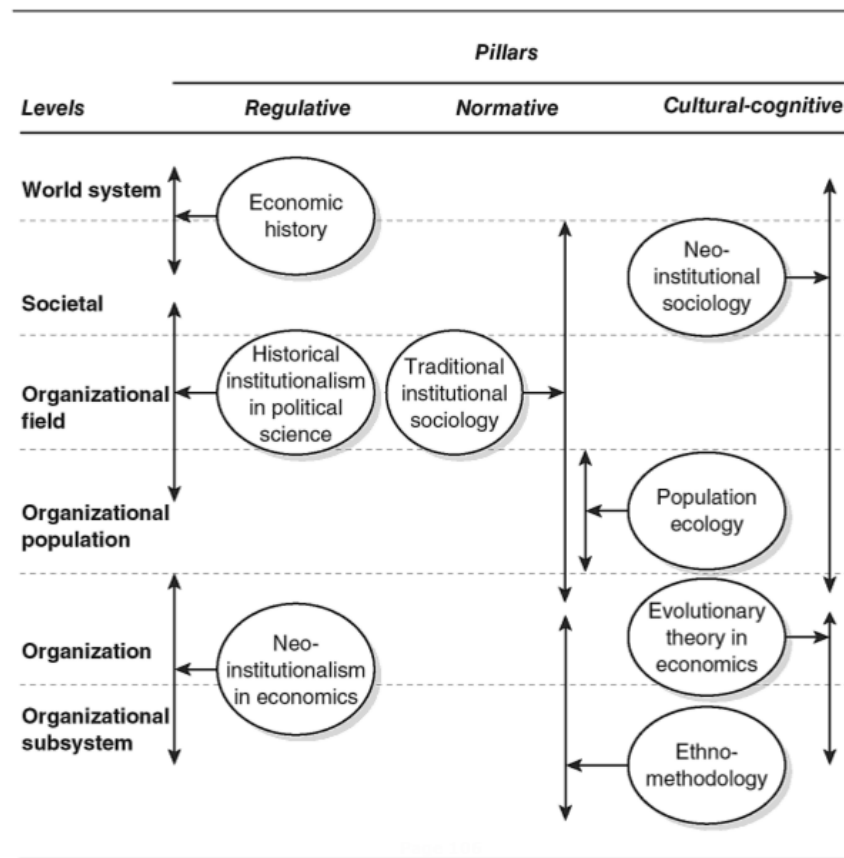
The presence of multiple logics simultaneously raises the question of how actors deal with different, and sometimes even contradictory, prescriptions from those logics. According to Meyer and Rowan (1977), organizations primary concern is to conform to their field's logics (i.e. isomorphism). However, institutional isomorphism can cause a decoupling between the structure of the organization and its practices. Underlying this perspective is the assumption that all organization members assume the same logics (Pache & Santos, 2013).

#### *2.3.2.3 Actors and context in neo-institutional analysis.*

The primary interest of NiT analysis is to understand institutions and institutional processes at the level of the organization or groups of organizations (Greenwood et al., 2008). Still, the relationship between the organization under study and its context is of utmost importance since it is acknowledged among field researchers that actors are embedded in a context which, in turn, influences actor's actions. Therefore, contexts are also important in explaining events.

Scott (2013) identifies and describes the levels of institutional analysis and relates each research field with those levels of analysis, as represented in figure 10. The levels of analysis most commonly used by institutionalists focused on cultural-cognitive elements are now addressed.

Figure 10 - Institutional pillars at varying levels: Illustrative schools



Source: (Scott, 2013, p. 106)

The “societal” level encompasses research focused on structures and processes occurring in societies, commonly operationalized as nation-states. The “organizational field” level is central and very frequent in institutional analysis (Scott, 2013; Wooten & Hoffman, 2008). It is defined as a community of actors interacting more frequently than with others outside the field and thus, partaking in a “common meaning system” (Scott, 2013) and it can include any stakeholder which imposes a coercive, normative or mimetic influence over the organizational actor (Wooten & Hoffman, 2008). The “organizational population” level represents the “aggregates of organizations that are alike in some respect” (Scott, 2013, p. 127). This level is frequent in Population Ecology studies and less common in other areas. In turn, the “organization” level is the

primary level in NiT analysis, as already mentioned. Finally, the “organizational subsystem” level comprises groups of individuals or individual actors inside an organization.

Only a limited number of works, mainly supported in ethnomethodology, approach institutions from an individual level of analysis, despite the calls of DiMaggio and Powell (1991) and Zucker (1987) for research addressing the microfoundations of institutional theory.

Indeed, as Scott (2013) also notes “the more macrolevels have received the lion’s share of attention” and Powell and Colyvas (2008) make use of previous researchers’ expressions to point out that “the individuals that presently populate institutional analysis are portrayed as either ‘cultural dopes’ or heroic ‘change agents’ ” and

we need a parallel effort to link key micro-concepts, e.g. identity, sensemaking, typifications, frames, and categories with macro-processes of institutionalization, and show how these processes ratchet upwards. This linkage between levels holds promise to better explain institutional dynamics (Powell & Colyvas, 2008, p. 277).

The efforts of NiT researchers to minimize this gap are now addressed.

### **2.3.3. Focusing (even more) on Institutional Frameworks at the Level of Individual Action.**

#### *2.3.3.1 Institutional logics perspective.*

Institutional Logics Perspective (henceforth, ILP) is proposed by Thornton et al. (2012) as an analytical framework that, in their words, “incorporates macro structure, culture, and agency, through macro level processes (society, institutional field, organization, interactions and individuals) that explain how institutions both enable and constrain action” (Thornton et al., 2012, p. 6). The authors assert that NiT studies have succeeded in the explanation of how macro structures and culture shape organizations. Yet, this research stream has been less successful in explaining how those macro structures and culture shape agency and microfoundations of institutions through cross-level processes. Therefore, the ILP framework addresses this gap. Moreover, although not covered in this thesis, ILP also deals with how individuals are able to change institutional logics. The ILP model is presented in figure 11.

Widely supported on Friedland and Alford’s work (1991), ILP assumes culture as an “interinstitutional system” and defines institutional logics as “the socially constructed, historical patterns of cultural symbols and material practices including assumptions, values and beliefs by which individuals and organizations provide meaning to their daily activity, organize time and space and reproduce their lives and experiences” (Thornton & Ocasio, 2008, p. 101), or, as Hallett and Ventresca (2006, p. 214) put it, institutional logics are “broad structures of meaning that are taken-for-granted and organize activity”. Family, community, religion, state, market, profession, and corporation are the institutional orders with their own sense of rationality (see table 6).

According to the ILP framework, institutional logics, which are partially derived from external socially constructed stimuli, motivate cognition and action (Thornton et al., 2012).

*Actor's cognition and action.*

Placed in the cultural-cognitive perspective of institutional studies, ILP draws on a set of assumptions about individual action particularly supported on Granovetter's (1985) embeddedness conception extended by Zukin and DiMaggio (1990), on the dynamic constructivism approach to culture (e.g., Hong, Morris, Chiu & Benet-Martinez, 2000), and on studies from Psychology about cognitive limits on attention and heuristics (e.g., Kahneman, 2003; Ocasio, 1997) in order to assume that individuals think and act in a situated, embedded and boundedly intentional way (Thornton et al., 2012).

The agency embeddedness principle proposed by Granovetter (1985) is one foundational principle in the cultural-cognitive stream of research in such a way that took Zukin and DiMaggio (1990) extended the underlying idea to cultural, political, and cognitive embeddedness. Actors are nested in higher order levels including organizational, field and societal and institutions operate at multiple levels of analysis. ILP also attaches particular importance to cultural embeddedness since "the culture of social groups, of which individuals are members, provides individuals with symbolic structures to understand and construct their environments" (Thornton et al., 2012, p. 79). Hence, interests, identities, values and assumptions of individuals and organizations are embedded within prevailing institutional logics (Thornton & Ocasio, 2008; Thornton et al., 2012).



In order to propose how individuals cognitively process the existing institutional logics, the authors invoke the theory of dynamic constructivism, a theory from Social Psychology which recognizes culture as a “loose network of domain-specific knowledge structures” (Hong et al., 2000, p. 710). ILP authors thus posit that actors are capable of learning multiple and even contradictory institutional logics through social interactions and socialization. Those institutional logics comprise the cultural knowledge available to individuals in their long-term memory and comprise different institutional levels – society, institutional fields, and organizations. Since actors have several institutional logics available, individual agency is central in determining which logic will be activated (Thornton et al., 2012).

ILP recognizes individual agency yet with constraints. Individual agency, whilst it allows for the pursuit of self-interest, is also guided by individual’s social identities, as synonym with identification with a collectivity or social category (Stryker & Burke, 2000). Specifically, ILP adopts the definition that Tajfel and Turner (1986) propose to social identity as “those aspects of an individual’s self-image that derive from the social categories to which he perceives himself as belonging” (Tajfel & Turner, 1986, p. 16. See also Rao et al., 2003). As Thornton et al. (2012) put it, “Individuals have multiple social identifications including the organization, work group, professional field, political party, age cohort, and ethnicity” however “social identifications can arise even in the absence of networks of interpersonal relations or interactions” and sometimes individuals can have contradictory social identities and goals (Thornton et al., 2012, p. 79).

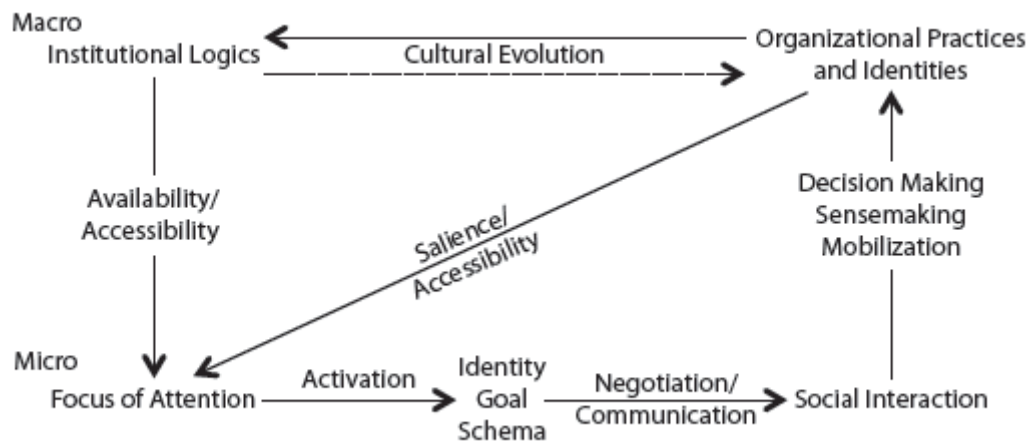
Goals, like social identities, are culturally embedded within alternative institutional logics and both affect cognition and action. Together, actor social identity and goals

form actor intentions. Yet, intentions are bounded not only by cognitive limitations of the actor but also by internal contradictions between multiple goals and social identities. This bounded intentionality of an actor guides his cognition and social interaction (Thornton & Ocasio, 2008; Thornton et al., 2012).

Finally, ILP also considers one last aspect that not only shapes which of the multiple social identities and goals get triggered but also affects the salience of the multiple forms of social, cultural, and political embeddedness: the particular circumstance of the actor in that specific situation, or situationism, to use ILP parlance. Yet, not all features of the situation are attended to by the actor. In fact, ILP argues that only the salient features are considered and by salience it is meant the extent to which certain characteristics of the situation stand out relative to others. ILP points out three possible reasons for the salience of the situation features: 1) unusual or unexpected actions and outcomes; 2) novelty; or 3) explicit attention control by other social actors. (Thornton et al., 2012).

*Institutional logics perspective model.*

Figure 11 - Cross-level Model of Institutional Logics perspective



Source: (Thornton et al., 2012, p. 85)

This cross-level model considers simultaneously top-down and bottom-up interactions. The former explains how institutional logics shape individual action and the latter approach how individual action influence institutional change (Thornton et al., 2012).

As cultural-cognitive institutionalism claims, the existing institutional logics help individuals generate top-down schemas (i.e. knowledge structures) to process information and guide decisions and those learnt, organized cognitive structures shape attention construal, inference, and problem solving. Schemas draw upon organized but abstracted knowledge about how “the world works” and, therefore, help actors by facilitating their assessments and decisions (Thornton & Ocasio, 1999, 2008; Thornton et al., 2012).

At the organizational level of analysis, ILP considers that organizational practices and identity are particularly interrelated with institutional logics. While Thornton et al. (2012) adopt Albert and Whetten (1985) definition of organizational identity as those central, distinctive and enduring attributes of the organization, they define organizational practices as “constellations of socially meaningful activity that are relatively coherent and established” (Thornton et al., 2012, p. 128).

ILP, as NiT in general, assumes that individuals have limited capacity to allocate cognitive resources for information processing (i.e. attention). Attention can be based on well-learned behavioural responses and routinized action (i.e. automatic attention) or can be required in activities “involving planning and decision-making, troubleshooting, novel sequences, dangerous or difficult situations and overcoming habitual responses” (i.e. controlled attention) (Thornton et al., 2012, p. 89). The latter is the focus of ILP, contrary to what is common in NiT studies.

Thornton et al. (2012) argue that institutional logics guide the allocation of attention by shaping what problems and issues get attended to and what solutions are likely to be considered in decision-making. This occurs through a top-down process involving multiple contextual levels, where the institutional logic unfolds through the social identities and goals present in each logic and, therefore, generate attentional focus. Attentional processes shape the focus of attention through the availability, accessibility, and activation of identities, goals and schemas.

In cases where actors do not identify with the prevailing logic, conformity to regulative forces and the avoidance of normative sanctions also activate actors’ adherence to specific goals, actions or social identities (Thornton et al., 2012).

From an institutional logics perspective, diverse logics have different pragmatic reasoning schemas for decision-making and action and three different pragmatic reasoning schemas are presented: 1) permission schemas, which describe a type of behavioural regulation in which taking a particular action requires the satisfaction of a certain precondition; 2) causation schemas, that provide evidence for cause-and-effect relationships (i.e. the relationship between events and the problems they generate); and 3) obligation schemas, the ones arising when a certain situation requires execution of a subsequent action. (e.g. social norms) (Thornton et al., 2012).

Drawing on the ILP framework, McPherson and Sauder (2013) analysed how actors from different institutional and professional backgrounds employ logical frameworks in their micro-level interactions in a drug court and concluded that logics are tools that can be used to “resolve conflicts, frame solutions to practical work problems, or legitimate calls for different courses of action” (McPherson & Sauder, 2013, p. 185). Also, Pache and Santos (2013), support their research, concerning how hybrid organizations internally manage competing institutional logics, on ILP framework and found that, in accordance with McPherson and Sauder (2013), those organizations can use multiple logics in which they are embedded in a manipulative way in order to gain acceptance.

### *2.3.3.2 Actor’s combination of logics: rival perspectives.*

Meyer and Rowan’s (1977) strategy of isomorphism and decoupling is the most cited strategy carried out by organizations in order to combine institutional logics. Yet, there are other perspectives in NiT literature on how actors, mostly organizations, combine logics existing in the ecosystem.

DiMaggio and Powell (1991) propose the basis for a theory of Practical Action according to which actors face choice constantly and, in order to decide, they seek guidance from the near experiences facing similar situations and from “standards of obligation”. Institutions constrain options yet they also set the way by which individual’s preferences are achieved. Although the basic elements of this theory have been identified, it remains incomplete (Powell & Colyvas, 2008).

Also, Oliver (1991) proposes that organizations balance stakeholders’ expectations with organization’s logics and present a five-part typology of organizational strategic responses to institutional processes affecting organizations. This framework has provided the theoretical foundation for numerous empirical studies (e.g. Seo & Creed, 2002; Thornton, 2002).

Recently, a new line of reasoning with ethnomethodological roots has emerged among NiT researchers in order to deal with institutions at individual’s level - Inhabited Institutions approach.

Contrary to seeing actors as “carriers” of institutions which is the most common perspective among NiT researchers focused on organizational or supraorganizational levels of analysis, the Inhabited Institutions approach asserts that “people and the ways in which they do things together are fundamental components of ‘institutions’ ” (Hallett & Ventresca, 2006, p. 215). Hallett and Ventresca (2006) argue that institutional meanings derive, at least in part, from social interactions and therefore, institutions cannot be experienced apart from social interaction and propose three “signposts” for research under the Inhabited Institutions approach. The first proposed “signpost”, central to the Inhabited Institutions approach, is the recognition that life is embedded in social relations and contexts. The second one is the engagement with two different

conceptions of meaning, the one provided by symbolic interactionism and the other adopted by NiT. The former considers the wider systems of meanings that provide, authorize, and organize the elements of on-going activity while the latter gives special attention to institutional logics that shape organizational dynamics and establish the conditions for action in contemporary, rationalized, political and organizational contexts. Finally, the third “signpost” highlights the need for a sceptical and inquiring attitude in research. The Inhabited Institutions approach recognizes that “even though the world is socially created, people treat the world as “real” and “natural,” and act accordingly (Gubrium, 1993: 100). As a result, useful (if imperfect) insights are gained from empirical observations that capture both structural and constructivist moments (Bourdieu, 1990: 122)” (Hallett & Ventresca, 2006, p. 228).

The Inhabited Institutions approach has been further developed by Hallett (2010). Drawing on empirical research and on Meyer and Rowan’s (1977) concept of decoupling (i.e. “practices that enable organizations to sustain formal structures while unit activities vary”) (Hallett, 2010, p. 54), the author proposes that individuals “inhabit” institutions through processes of “recoupling” (i.e. “the process of creating tight couplings where loose couplings were once in place”) (Hallett, 2010, p. 54) and “uncoupling” (i.e. “the process of replacing tight couplings with loose couplings or decouplings”) (Hallett, 2010, p. 70), as individual level responses to institutional pressures.

Several authors draw on the Inhabited Institutions approach in order to understand how individual actors make sense of and interpret institutions, in particular cases (e.g., Binder, 2007; Delbridge & Edwards, 2013; Ferreira et al., 2015; Hallett & Ventresca, 2006; Hallett, 2010). Yet, most of them assume that individuals are strictly limited to

their home group's dominant logics, similarly to classic NiT researchers (McPherson & Sauder, 2013).



## **2.4 Conceptual Framework of the Research**

### **2.4.1 Service-dominant Logic and Institutional Logics Perspective: Common Foundations.**

This thesis aims to shed light on how institutional logics affect action, at a micro-level, during the process of value cocreation. The relevance of this research is grounded on the identification of a gap in SdL literature concerning institutions which are, in turn, the main focus of institutional theory. The combination between SdL and institutional theory is also suggested by Vargo and Lusch (2016) in order to further advance “our understanding of markets and marketing” (p. 20). The literature review conducted herein does not intend to infer testable premises. Instead, we are seeking for possible explanations of the phenomenon under study in the existing literature.

Among institutional theory literature, it is the NiT stream of research that presents a better fit with SdL. The first point of convergence is that both, SdL and NiT, assume a similar systemic approach to the phenomena under study as both describe social systems as open, complex, multi-level and porous systems (Scott, 2013).

Also, recent SdL literature has been gradually building on some social construction premises including Granovetter’s (1985) Theory of Structural Embeddedness in order to represent service exchange and value cocreation as embedded in social ecosystems.

Throughout the literature review, we were progressively focusing our attention on the institutional theory literature supported on the aforementioned social constructionist theories. This leads us to institutional literature focusing on cultural-cognitive elements which is underpinned by Berger and Luckmann’s (1967) proposition that all actors and their actions are social constructions as well as by the assumption arising from

Granovetter's (1985) work that it is not possible to understand action outside the societal context in which it is embedded.

Another common feature in NiT and SdL is the prominence attributed to the TS. While SdL acknowledges that during service exchange, actors draw upon a functional ecosystem but also resort to their social structure, the presented micro-level frameworks from organizational institutionalism literatures assert the importance of agency and assume that individuals have distinctive social structures, in the sense proposed by Giddens (1984).

Also, it is possible to find similar perspectives between SdL and ILP, a NiT framework focused on individual actors with regards to human rationality. SdL argues for the importance of considering institutions in theoretical frameworks since these institutions represent a more efficient and effective way of reducing thinking once individuals have limited cognitive abilities (Vargo & Lusch, 2016). This assumption is shared with ILP which presents human cognition and action as situated, embedded and boundedly intentional.

However, there are other topics that do not meet total consensus. While a large part of the social constructionism literature appears to adopt Weber's methodological individualism by assuming that social phenomena can only be understood through individual action (Huff, 1984), the lack of studies focused on individuals in NiT, took several authors to call for research addressing that gap. On the other hand, SdL typically adopts dyads, triads, or even complex networks as units of analysis. Yet, as Chandler and Vargo (2011) recognize, individual actors are the basis of those dyads, triads, and complex networks. In addition, the TS asserts that human agency and social structure

are two sides of the same coin and therefore we cannot understand social phenomena by neglecting one of the sides.

#### **2.4.2 Conceptual Framework.**

The following conceptual framework is heavily supported in the works of Edvardsson et al. (2014, 2011), as well as in the works of Thornton et al. (1999, 2008; 2012). Also foundational is TS (Giddens, 1984).

To understand value cocreation among actors is the primary objective of SdL. Value cocreation, as most SdL concepts, is socially constructed. Therefore, context (i.e. ecosystem) and the way it influences social interactions is essential in value cocreation. According to Chandler and Vargo (2011), a service ecosystem is comprised of multiple contextual levels that intersect and overlap through micro, meso, and macro forms of social interaction.

Value cocreation is a wide and complex process and, in order to study it, several researchers opt for focusing on experiences, a specific part of that process (e.g. Akaka et al., 2014; Edvardsson et al., 2011). This research and the proposed framework is focused on service provider's selection and troubleshooting experiences with service providers as service exchange engagement experiences due to their adequacy in representing agency in the sense proposed by TS.

As SdL has been extending its scope, its support in constructionist theories has become more evident and new constructionist concepts, such as institutions, have been used by SdL researchers.

As Akaka et al. put it:

The consideration of institutions in value cocreation is important for conceptualizing the social context through which value is cocreated and evaluated (Edvardsson et al., 2011). It is important to note that institutions not only influence the interactions that guide value cocreation but also influence the evaluation and determination of value that emerges out of the integration and exchange of resources. (Akaka et al., 2014, p. 314)

SdL conceptions of institutions as “rules, norms, meanings, symbols, practices, and similar aides to collaboration”, and of institutional arrangements as “interdependent assemblages of institutions” (Vargo & Lusch, 2016, p. 6) are varied. This perspective is compatible with Scott’s definition of institution which includes the regulative, normative and cultural-cognitive pillars (Scott, 2013). Yet, each one of these pillars is studied in depth by a distinct stream of research supported in different assumptions. Institutional studies focusing on cultural-cognitive elements are the ones that are built on social constructionist theories, similarly to SdL. Hereupon, this research adopts cultural-cognitive perspective on institutions and focuses on institutional logics as “broad structures of meaning that are taken-for-granted and organize activity” (Hallett & Ventresca, 2006, p. 214).

Assuming this understanding, two main questions guided the literature review. The first one is: what is known regarding from where institutions are formed in the individual’s mind? NiT assume that actor’s internal interpretative processes are shaped by external cultural frameworks (Scott, 2013). Culture, herein is seen as the “software of the mind” that provides “patterns of thinking, feeling, and acting” (Hofstede, 1991, p. 5). Cultural frameworks operate at multiple contextual levels and these levels are embedded in each

other in such a way that those multi-level cultural frameworks reach the individual (Friedland & Alford, 1991; Scott, 2013).

The institutional orders in western societies, around which each logic of action is built, are family, community, religion, state, market, profession, and corporation (see table 6). According to the ILP framework and TS, institutional logics influence individual agency (Giddens, 1984; Thornton et al., 2012). The literature supporting the identification and characterization of each institutional logic is summarized in table 8.

Table 8 - Institutional logics references

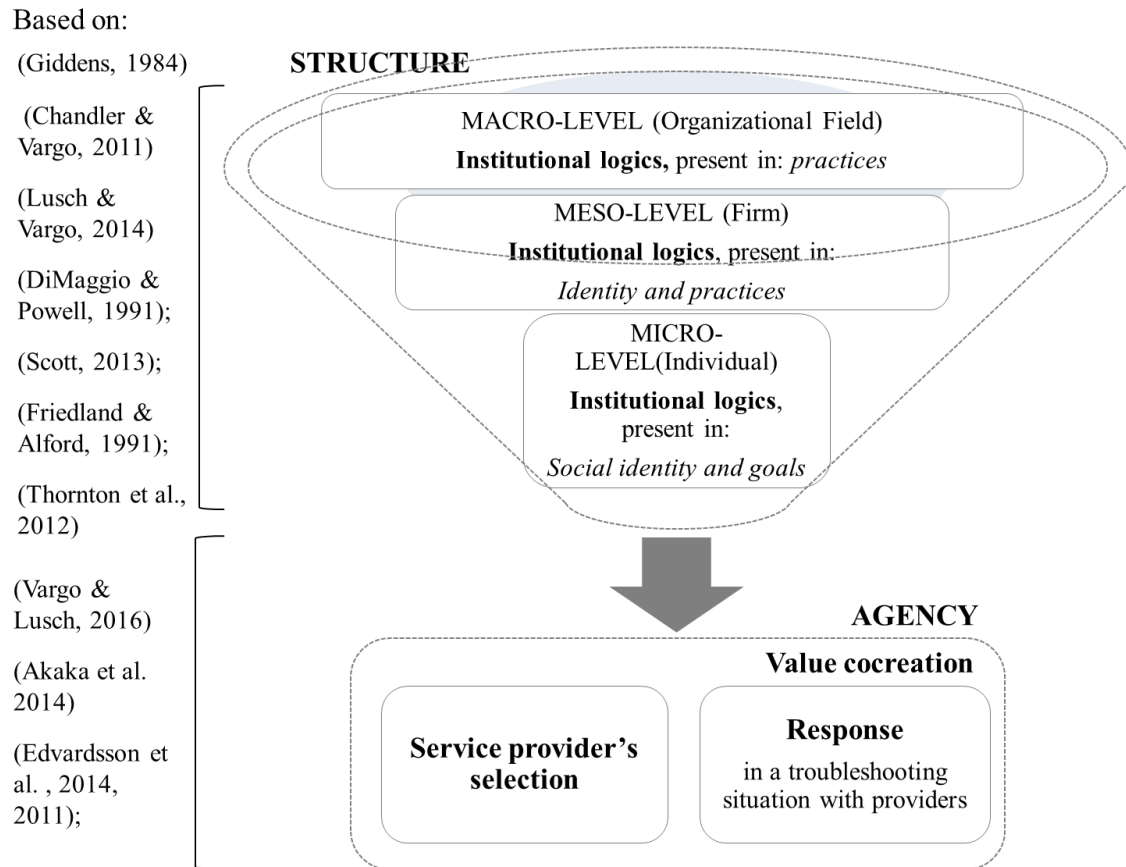
Institutional Logic	References
Family	<p> Chung and Luo, 2008  Ferreira, Caruana &amp; Cohen, 2015  Friedland &amp; Alford, 1991  Greenwood et al., 2010  Mair, Martí &amp; Ventresca, 2012  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012 </p>
Community	<p> Almandoz, 2012  Ferreira, Caruana &amp; Cohen, 2015  Greenwood et al., 2010  Marquis, Lounsbury &amp; Greenwood, 2011  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012 </p>
Religion	<p> Ferreira, Caruana &amp; Cohen, 2015  Friedland &amp; Alford, 1991  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012 </p>
State	<p> Ferreira, Caruana &amp; Cohen, 2015  Friedland &amp; Alford, 1991  Greenwood et al., 2010  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012  Tilcsik, 2010 </p>
Market	<p> Ferreira, Caruana &amp; Cohen, 2015  Friedland &amp; Alford, 1991  Greenwood et al., 2010  Pache &amp; Santos, 2013  Thornton, 2002  Thornton &amp; Ocasio, 1999  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012  Tilcsik, 2010 </p>
Profession	<p> Binder, 2007  Ferreira, Caruana &amp; Cohen, 2015  Jones, Maoret, Massa &amp; Svejenova, 2012  Thornton, 2002  Thornton &amp; Ocasio, 1999  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012 </p>
Corporation	<p> Barley, 2007  Ferreira, Caruana &amp; Cohen, 2015  Fligstein, 1987  Fligstein &amp; Freeland, 1995  Thornton &amp; Ocasio, 2008  Thornton, Ocasio &amp; Lounsbury, 2012 </p>

Institutional logics are particularly suitable to explain actors actions in value cocreation, as argued by Akaka et al. (2014, pp. 313–314): “From a service ecosystems view, institutions, and more specifically institutional logics, are a central aspect to value cocreation because they enable and constrain the actions and interactions of actors”.

The second of the aforementioned questions is: what the literature tells us about the way institutions affect individual actions? Through TS lenses, these institutions are part of the social structures present in individual’s memory traces and triggered in social interactions (Giddens, 1984). Despite the importance of TS to social construction researchers, including NiT investigators, it does not give us a detailed explanation of the mechanisms mediating institutions present in individuals’ minds and their actions, as pointed out by several authors. Alternatively, Thornton et al. (2012) propose a framework which depicts, in a detailed way, how the phenomenon under study unfolds.

From the review and combination of different but largely convergent literatures, a framework is proposed (figure 12), where each actor is embedded in an ecosystem comprising an individual level, an organizational level and a field level. Each level of the ecosystem is represented in the individual’s social structure and individual’s action (i.e., agency) results from the combination of the cultural frameworks (i.e. institutional logics), present in each level.

Figure 12 – Conceptual framework



At the macro level of the ecosystem represented in the individual's social structure, the field in which the organization is embedded is considered. A organizational field is a group of stakeholders which imposes a coercive, normative or mimetic influence over the organizational actor and with whom the latter shares a "common meaning system" (Scott, 2013; Wooten & Hoffman, 2008).

Although not explicitly considered in the ILP framework presented in figure 11, it is widely acknowledged that institutional logics act at multiple levels, including the organizational field (e.g. DiMaggio & Powell, 1991; Friedland & Alford, 1991; Scott, 2013; Thornton et al., 2012; Thornton & Ocasio, 2008) and as already discussed. There



is also wide the acceptance that institutional logics present in the organizational field are embodied in field shared practices (e.g. Friedland & Alford, 1991; Scott, 2013; Thornton et al., 2012; Thornton & Ocasio, 2008). Practices, according to Giddens (1984) are continually recreated human activities.

At the meso level of the ecosystem represented in the individual's social structure is considered the firm in which the individual actor is embedded. According to the ILP framework, institutional logics present in the firm are enclosed in the firm's identity and practices. As already mentioned, organizational identity is defined as those central, distinctive and enduring attributes of the organization and organizational practices are the "constellations of socially meaningful activity that are relatively coherent and established" (Thornton et al., 2012, p. 128).

At the micro level of the ecosystem represented in the individual's social structure is considered the individual actor himself. According to the ILP framework, institutional logics present in the individual's mind are embodied in his social identity and goals. The individual's social identity is seen as a synonym of identification with a collectivity or social category. ILP considers that "Individuals have multiple social identifications including the organization, work group, professional field, political party, age cohort, and ethnicity" however "social identifications can arise even in the absence of networks of interpersonal relations or interactions" and sometimes individuals can have contradictory social identities and goals (Thornton et al., 2012, p. 79). The individual's goals also affect his cognition and action and together, the individual's identity and goals form individual's intentions which guide his cognition and social interaction (see subsection 2.3.3.1 for a detailed description).

How institutional logics from organizational field, firm and individual levels of the ecosystem are articulated in individual's structure is not explicitly addressed in the NiT literature as the most frequent approach to institutional logics is to study their effects at a single level of analysis. NiT studies approaching institutional logics at the firm level largely assumes that firms, as organizations in general, are constrained by dominant institutional logics of the organizational field where they are embedded. This is a NiT assumption based on the seminal work from Meyer and Rowan (1977) which brought about the idea that organizations conform to their field logics in order to survive (i.e. isomorphism). Similarly, apart from a few exceptions mentioned in subsection 2.3.3.2, NiT literature studying institutional logics at the individual level also considers that logics guiding individual's action inside an organization are highly constrained by organization's own institutional logics (Pache & Santos, 2010). Grounded on mainstream NiT literature, the conceptual framework of this thesis considers that there is little or no room for individuals' free will in business contexts as they are restrained by superior level logics of the ecosystem (i.e. firm's logics and organizational field logics).

Finally, institutional logics shape individual action in resource integration engagement. Hence, institutional logics have an impact on the criteria used to select service providers. These criteria can vary from "hard factors" to a large range of "soft factors" identified in table 2 (Ivens, 2006) as well as on the responses provided by decision-maker to deal with problematic situations with service providers.

## **Chapter 3 – Philosophical Assumptions and Research**

### **Design**

“All social scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated” (Burrell & Morgan, 1979, p. 1).

In the first section of this chapter, we present relevant ontological and epistemological philosophies as well as a set of paradigms for approaching management research. We conclude the first section by explicitly identifying the ontological, the epistemological and the “human nature” assumptions supporting this thesis. Nevertheless, these assumptions are implicitly present throughout the dissertation and the assumptions supporting the conceptual framework of the research have already been addressed in section 2.4. We finish the research philosophy presentation with the alternative research approaches and the rationale for the approach chosen.

The third section deals with the methodological aspects of the research, specifically, the method used (subsection 3.3.1), the sampling process and other relevant aspects (subsection 3.3.2), the techniques used to generate information (subsection 3.3.3), and the techniques employed to analyse the generated information (subsection 3.3.4). The section ends with the description of the efforts made to ensure the quality of the research (subsection 3.3.5).

### 3.1 Making Philosophical Assumptions Explicit

Each researcher supports his work on a set of “basic beliefs” representing “a *worldview* that defines, for its holder, the nature of the ‘world,’ the individual's place in it, and the range of possible relationships to that world and its parts” (Guba & Lincoln, 1994, p. 107).

Guba and Lincoln (1994) also assert that these “basic beliefs” can be summarized through the responses given by researchers to three fundamental questions: 1) “What is the form and nature of reality and, therefore, what is there that can be known about it?” (the ontological question); 2) “What is the nature of the relationship between the knower or would-be knower and what can be known?” (the epistemological question), and; 3) “How can the inquirer (would-be knower) go about finding out whatever he or she believes can be known?” (the methodological question) (Guba & Lincoln, 1994, p. 108). Moreover, the coherence between ontology, epistemology and methodology is a requirement in scientific research (Burrell & Morgan, 1979; Guba & Lincoln, 1994).

In addition, Burrell and Morgan (1979, p. 2) stress the importance of stating the assumptions regarding human nature, especially to social researchers, since “human life is essentially the subject and object of enquiry”. To these authors, the set of assumptions concerning human nature, or more specifically the relationship between individuals and their environment, is closely related to the researcher’s ontology and epistemology but represents a distinct set of assumptions (Burrell & Morgan, 1979).

The ontological debate concerning the form and nature of reality occurs mostly between two opposing perspectives: objectivism and subjectivism. Objectivism posits that there is a reality, external to social actors and independent of them. On the other hand,

subjectivism assumes that reality is created through the perceptions and actions of social actors and those perceptions and actions are shaped by the interaction with other social actors (Saunders et al., 2012).

Social constructionists like Giddens, Granovetter or most NiT researchers on whose works this dissertation is supported, assume this ontological posture. Also, as pointed out during the literature review, the works of SdL researchers underpinning this research assume social constructionist principles (e.g. Edvardsson et al., 2014, 2011; Vargo & Lusch, 2011, 2016. See also Peñaloza & Venkatesh, 2006) .

Specifically, social constructionism posits that social reality is not natural nor given, it is rather created by individuals and then transmitted to other individuals in the same context, through interaction. Thus, social reality is contextual. On the other hand, the continuous transmission of the same beliefs over time causes it to become taken-for-granted or institutionalized knowledge and becomes part of the culture (Berger & Luckmann, 1967).

The epistemological discussion occurs mainly around two main philosophies: positivism and interpretivism. Positivism, on one the hand, assumes that acceptable knowledge can only be derived from observable phenomena through logic reasoning. Logic reasoning is reached via hypotheses testing and subsequent confirmation or refutation. Only this process will allow law-like generalizations, the aim of scientific research according to positivists (Saunders et al., 2012). On the other hand, interpretivism advocates that, when it comes to social research, law-like generalizations cannot capture reality as each individual observes, makes sense of, and interacts with what surrounds him in a unique way. In order to approach social phenomena, interpretivism proposes, instead, that the focus of research should be on the

“interpretative understanding”, in the words of Weber, of social action (Saunders et al., 2012).

Social action is, according to Weber (2009, p. 112) the individual’s behaviour “oriented to the behaviour of others”. The others present in this definition “may be individual persons, and may be known to the actor as such, or may constitute an indefinite plurality and may be entirely unknown as individuals”. The subjective dimension of social action makes inadequate the law-like generalizations of positivism. Instead, Weber (1978) proposes to capture the meanings, intentions, and motives of individuals’ actions in order to identify the general patterns of collective action or ideal-types, as well as the commonalities and the differences among those patterns, through logic, inference, deductive and inductive analysis (see also Huff, 1984). Giddens (1984) also argues on behalf of interpretivism in social research as people have different ways of acting and actions often have unpredictable and unintended consequences which make causal mechanisms unstable and the determination of causal relations unfeasible.

Between ontological perspectives of objectivism and subjectivism and between epistemological views of positivism and interpretivism there is a continuum of research paradigms. Research paradigms are presented in this research as “a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted” (Saunders et al., 2012, pp. 140–141). Burrell and Morgan (1979) identify four research paradigms particularly suitable for management studies: functionalist, radical structuralist, radical humanist and interpretivist paradigms. Each paradigm goals, theoretical concerns, and theory-building approaches are summarized in table 9.

Table 9 – Paradigm’s main characteristics

<b>Interpretivist Paradigm</b>	<b>Radical Humanist Paradigm</b>	<b>Radical Structuralist Paradigm</b>	<b>Functionalist Paradigm</b>
<b>Goals</b> To DESCRIBE and EXPLAIN in order to DIAGNOSE and UNDERSTAND	<b>Goals</b> To DESCRIBE and CRITIQUE in order to CHANGE (achieve freedom through revision of consciousness)	<b>Goals</b> To IDENTIFY sources of domination and PERSUADE in order to GUIDE revolutionary practices (achieve freedom through revision of structures)	<b>Goals</b> To SEARCH for regularities and TEST in order to PREDICT and CONTROL
<b>Theoretical Concerns</b> SOCIAL CONSTRUCTION OF REALITY REIFICATION PROCESS INTERPRETATION	<b>Theoretical Concerns</b> SOCIAL CONSTRUCTION OF REALITY DISTORTION INTERESTS SERVED	<b>Theoretical Concerns</b> DOMINATION ALIENATION MACRO FORCES EMANCIPATION	<b>Theoretical Concerns</b> RELATIONSHIPS CAUSATION GENERALIZATION
<b>Theory-Building Approaches</b> DISCOVERY through CODE ANALYSIS	<b>Theory-Building Approaches</b> DISCLOSURE through CRITICAL ANALYSIS	<b>Theory-Building Approaches</b> LIBERATION through STRUCTURAL ANALYSIS	<b>Theory-Building Approaches</b> REFINEMENT through CAUSAL ANALYSIS

Source: (Gioia & Pitre, 1990, p. 591)

Functionalist and radical structuralist paradigms are supported in objectivist ontological principles whilst interpretivists and radical humanists have subjectivist ontological characteristics. Furthermore, radical paradigms (humanist and structuralist) are more judgemental and critical regarding the way organizational events should be conducted than the remaining two paradigms. Interpretivist and functionalist paradigms work, in turn, within the existing “state of affairs” (Saunders et al., 2012).

Burrell and Morgan (1979) address the debate on the deterministic versus the voluntaristic perspectives of “human nature” as a central aspect in social sciences research. On the one hand, the deterministic view entails individuals and their experiences as conditioned by their external circumstances and on the other hand, the voluntaristic view assumes that individuals are active creators of external

circumstances. As with the ontological and the epistemological debates presented, deterministic and voluntaristic perspectives are the extreme views of a continuum (Burrell & Morgan, 1979).

This research deals with a phenomenon of social action – the influence of institutions on action. In line with subjectivists, the researcher sees social phenomena as constructed by those involved in it. Organizations, specifically firms, are social constructions whose action, in the sense used in this thesis, is dependent upon the cognition of those individuals forming them, particularly those who have power of decision which, in turn, are influenced by other individuals. In accordance with Weber's methodological individualism, in order to capture the interpretation of action, as this dissertation intends to do, "these collectivities must be treated as solely the resultants and modes of organization of the particular acts of individual persons, since these alone can be treated as agents in a course of subjectively understandable action" (Weber, 1978, p. 13).

Also institutions, a core concept in this thesis, are not seen as objective entities detached from individuals and contexts but as subjective frameworks created by individuals in interaction with each other. Like institutions, also managers' actions, particularly decisions, are not standardized procedures. They are, instead, actively created and recreated by managers.

This research does not intend to propose a way of predicting the outcome of a process of institutional influence in the future. It is rather our intention to describe and understand how a certain action resulted from the combination of a set of institutions, in a specific context. In order to describe and explain social phenomena in its complexity and diversity, the researcher takes the interpretivist perspective and looks for



individuals' interpretations in order to capture both differences and similarities between them.

In addition, in present research human nature is not perceived as exclusively voluntaristic nor solely as deterministic. Instead, individuals are perceived simultaneously as active creators of social circumstances and highly influenced by others individuals' actions.

One last consideration concerning the research setting: this research seeks to understand a phenomenon in its natural contexts as the context is seen as an integral part of the phenomenon. Removing the phenomenon from its context in order to study it would impoverish the research. As Miller and Page (2009, p.83) put it, we cannot “understand running water by catching it in a bucket”. As a result, the researcher needs to interact with the respondent. This naturalistic approach (Guba, 1981) has implications on several aspects of the research process as, for example, in the techniques chosen to generate information.

### **3.2 Research Approach**

The approach adopted in the current research reveals the extent to which the researcher is “clear about the theory at the beginning” of the research process (Saunders et al., 2012, p. 143). According to Saunders et al. (2012), there are three main approaches to research: deductive, inductive and abductive.

The deductive approach is the dominant research approach in natural sciences as it, based on existing literature, deduces propositions which are tested against adequate data collected for that purpose. Based on results, the propositions are rejected or

corroborated. This approach is based on existing theory from where new propositions are deduced in order to achieve causal relationships between concepts and variables (Saunders et al., 2012).

The inductive approach, in turn, starts the study of a phenomenon from data collection. Themes and patterns are identified using data and from there, theory is induced. Inductive approach strength is in the ability to capture how individuals interpret the social world and this is why it is more common in social sciences than in natural sciences (Saunders et al., 2012).

Finally, the abductive approach is the combined use of deduction and induction in research. It starts from the observation of a phenomenon and progresses through a plausible theory of how the phenomenon happens (Saunders et al., 2012). A comparison between the three approaches is summarized in table 10.

Table 10 – Comparison among deduction, induction and abduction

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions or hypotheses related to existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory

Source: (Saunders et al., 2012, p. 144)

Very often, researchers use different research approaches throughout the research process (Lewis & Ritchie, 2003; Saunders et al., 2012). In this research, the definition of the research issue was driven by existing SdL theory (i.e. deductive approach). The next phase, the building of the theoretical model was based on the existing literature which also represents a deductive approach. During the data analysis there was a constant interaction between the existing theory and the data (i.e. abductive approach). Finally, the proposal of a model based on empirical data implies an inductive approach.

### **3.3 Research Strategy**

#### **3.3.1 Research method.**

Once the questions, the philosophical assumptions and the approach supporting the research are clearly identified, analysing the several available research methods is beyond the remit of this dissertation (see, e.g., Saunders et al., 2012). Yet, it is relevant to explain why it is assumed that the case study method is the most suitable method to address the present research.

According to Yin (2009, p. 4), the case study method is particularly adequate to “understand complex social phenomena” as it allows the researcher to “retain the holistic and meaningful characteristics of real-life events” in situations encompassing important contextual conditions that are fundamental to the phenomenon under study. Also, case studies are often used to approach relevant behaviours that cannot be manipulated or isolated from their context (Yin, 2009). In addition, Saunders et al. (2012) point to the need for coherence between the philosophical assumptions and the

research method. Finally, case studies can be used to provide descriptions, to test a theory , or to generate theory (Eisenhardt, 1989).

This research aims to understand and to theorize a real-life social phenomenon where contextual conditions are part of the phenomenon under study and assumes an inevitable, as explained in section 3.1, interpretivist and naturalistic nature. All together, these aspects shape the choice for case study research as the most appropriate method.

In SdL research, case study is the most common method (e.g., the large majority of papers submitted to the SdL international forums use the case study method) but also the most acceptable one given the growing concern for understanding the complex and adaptive ecosystems that comprise the ground for value cocreation and capturing the phenomenological perspective of the studied phenomena, as shown in table 11.

Table 11 – Paradigms in service research

	Emergent approach to service research	A priori approach to service research
Basic epistemological position	To obtain phenomenological insight, revelation, and open language system	To obtain a fixed language system and construct a positivist science
Description	A theoretically driven Local narrative	Theoretically driven Grand narrative of progress and emancipation
	Situational practical knowledge	Generalizable theoretical knowledge
	Changeability and meaning as central concerns	Rationality and truth as central concerns
	Proceeds from the other	Proceeds from the self
Dominant research methods	Exploration of pure subjectivity	Lab experiments, surveys
Examples of articles from service research	Bitner <i>et al.</i> (1994) Zeithaml <i>et al.</i> (2002)	Lusch <i>et al.</i> (2007) Rust and Chung (2006)

Source: (Tronvoll et al., 2011, p. 566)

Also in NiT research, cases studies are very frequent (e.g. Almandoz, 2012; Battilana & Dorado, 2010; Ferreira et al., 2015; Pache & Santos, 2013; Thornton & Ocasio, 1999; Tilcsik, 2010).

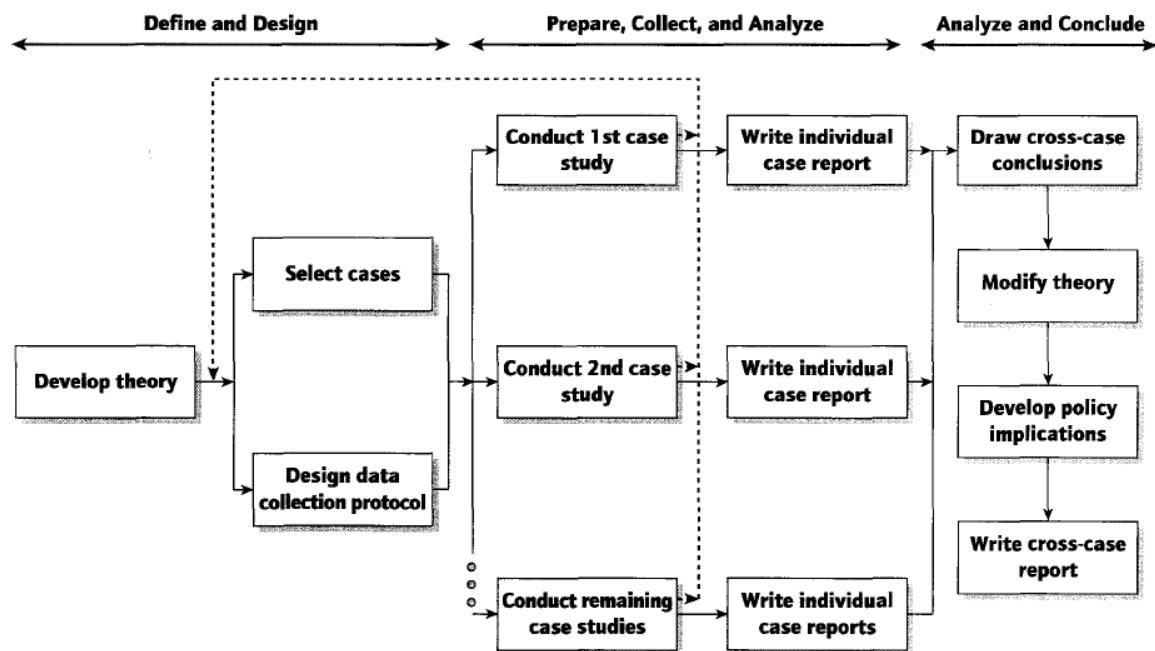
Regarding the design of the case study, Yin (2009) distinguishes between single and multiple cases strategy, on one hand, and between holistic and embedded cases, on the other. The decision of using a single case to address the research questions instead of multiple cases is valid when the single case represents a critical case, an extreme or unique case, a representative or typical case, a revelatory case or even, a longitudinal case. Otherwise, the choice should be to address a multiple case design as it allows to “minimize the chances of misrepresentation and to maximize the access needed to collect the case study evidence” (R. Yin, 2009, p. 50). For the given motives, multiple case studies are conducted.

The second decision refers to whether to conduct holistic or embedded case studies. The former option should be taken when only one unit of analysis is considered in all the cases and the latter option should be adopted when attention is given to the primary unit of analysis but also to other embedded unit(s) of analysis (R. Yin, 2009). The primary unit of analysis in this research is the individual, in its two dimensions (i.e. agency and social structure). This choice stems from the gap found in SdL literature which led us to the research question. However, it has also an ontological motive which made us instantly relate action to individuals and not to organizations, the theoretical individualism already discussed. Still, this research embraces a complex phenomenon which enables studying it through different embedded units, like the firm or even the organizational field where the individual is embedded. Thus, the firm and the

organizational field are both embedded units of analysis in this research. Cases selection is addressed in detail in the next subsection.

As proposed by Yin (2009), the steps taken during the research process are represented in figure 13.

Figure 13 – Case study method



Source: (Yin, 2009, p. 57)

### 3.3.2 Fundamental choices in research design.

#### 3.3.2.1 The empirical scope of the research.

Regarding the importance of defining a population, Eisenhardt (1989) asserted that “the concept of a population is crucial, because the population defines the set of entities from

which the research sample is to be drawn. Also, selection of an appropriate population controls extraneous variation and helps to define the limits for generalizing the findings” (p.537). The delimitation of the empirical domain is primarily driven by theoretical concerns, however, the feasibility of the options is also considered. Both, theoretical and feasibility concerns, are now detailed.

As already discussed, cultural systems operate at multiple levels through institutional logics. In order to study institutional logics from a cultural system, NiT researchers represent it as coincident with national societies (e.g. Chung & Luo, 2008; Greenwood et al., 2010; Pache & Santos, 2013; Rao et al., 2003). Hence, the empirical domain of this research is limited to a specific national society, Portuguese society. This geographical delimitation is primarily based on the previous theoretical considerations however the researcher’s particular knowledge about the Portuguese context is the main reason why it is the one chosen. Furthermore, it was intended that geographical variability of the cases would be obtained, despite the limited resources available for research.

The unit of analysis in this research is the individual actor, as already presented in the previous subsection. However we are only interested in individual’s actions insofar as they relate to economic value cocreation. According to SdL definition of value cocreation, individuals involved in service exchange are either, service providers, directly or indirectly connected to the service exchange or are direct or indirect service beneficiaries. Due to the amount of resources and time necessary to obtain data from individuals, firms and firms’ fields from both sides of a service exchange, the research deals only with the direct service beneficiary’s perspective of value cocreation.

Since institutional logics operate at multiple levels, we are especially interested in understanding how individuals in a particularly complex ecosystem (i.e. ecosystem comprising three levels of analysis) deal with the institutions present, in quantity and diversity, in their ecosystem. This provides a reason to limit the population to those individual service beneficiaries inside an organizational context.

In organizational contexts, service exchange is commonly addressed by teams where each individual has a specific role. This raises a question: which member of the team dealing with service exchange as beneficiary is particularly suitable to fit the purpose of the current research? On one hand, ILP main focus are those activities “involving planning and decision-making, troubleshooting, novel sequences, dangerous or difficult situations and overcoming habitual responses” (Thornton et al., 2012, p. 89). On the other hand, TS shows specifically how individuals deal with routine situations (Giddens, 1984). Top decision-makers involved in service exchange as beneficiaries meet both criteria.

In short, this research population is comprised by individuals performing decision-making and troubleshooting roles and cocreating value as service beneficiaries, inside an organization. In addition, both individual and organization should be Portuguese in order to meet the first criterion pointed.

### *3.3.2.2 Sampling.*

Theoretical sampling is the process of data collection usually followed when the research purpose is to generate theory (Eisenhardt, 1989). According to Glaser and Strauss (1967),



the basic criterion governing the selection of comparison groups for discovering theory is their *theoretical relevance* for furthering the development of emerging categories. The researcher chooses any groups that will help generate, to the fullest extent, as many properties of the categories as possible, and that will help relate categories to each other and to their properties. (p. 49).

And add:

On the other hand, when the sociologist's purpose is to discover formal theory, he will definitely select dissimilar, substantive groups from the larger class, while increasing his theory's scope. And he will also find himself comparing groups that seem to be non-comparable on the substantive level, but that on the formal level are conceptually comparable. Non-comparable on the substantive level here implies a stronger degree of apparent difference than does *dissimilar* (Glaser & Strauss, 1967, p. 54).

Following a similar rationale, Yin (2009) proposes a replication logic to the selection of the cases: on the one hand, cases which confirm the phenomenon provide literal replication and on the other, cases that disconfirm the phenomenon allow theoretical replication. The former enables confidence in the validity of the research and the latter makes theory refinement and extension possible (Eisenhardt, 1989; R. Yin, 2009).

To select the appropriate cases within the scope of the study – Portuguese firms with Portuguese decision-makers in exchanging processes with service providers – we follow Glaser and Strauss's (1967) notion of theoretical sampling in terms of theoretical relevance and Yin's (2009) idea of literal and theoretical replication.

It is widely acknowledged that organizations and individuals embody multiple institutional logics and different logics lead to different actions (Ferreira et al., 2015; Jones et al., 2012; Pache & Santos, 2013). In order to capture both similarities and variation of institutional logics within the cases, it is important to anticipate, at least, one of the logics present in each case or ecosystem. The table 12 provides a summary of the criteria used to identify *a priori* the existence of each logic.

Table 12 – Criteria used to cases selection

Institutional Logic	Criteria used	References
Family	Family ownership and family control Family-managed firm	Chung & Luo, 2008 Greenwood et al., 2010
Community	Organizations founded to serve a community purpose or founded by a community (e.g. "online" community)  Firms located and interdependent of a defined geographical space (Geographical community)	Almandoz, 2012 Marquis, Lounsbury & Greenwood, 2011  Greenwood et al., 2010
Religion	Organizations with a religious origin	Ferreira, Caruana & Cohen, 2015
State	Public Organizations or other organizations with a public origin	Ferreira, Caruana & Cohen, 2015
Market	Organizations with a commercial purpose (i.e. firms)	Greenwood et al., 2010 Pache & Santos, 2013 Thornton, 2002 Thornton & Ocasio, 1999
Profession	Organizations based on a specific expertise and/or relational networks	Thornton, 2002 Thornton & Ocasio, 1999
Corporation	Large firms	Fligstein, 1987; Fligstein & Freeland, 1995

Since the literature points to organizational criteria, as detailed in table 12, firms meeting the research scope and the selection criteria were approached. At least two cases embodying the same institutional logic were targeted in order to achieve literal replication while allowing theoretical replication against the remaining cases.

Following this rationale, eight cases (cases from A to H) were initially selected. The market logic is present in all the eight cases since all the firms have commercial purposes. Cases E and H hold family firms (totally owned and managed) while cases A and F were selected as they are larger firms, with 300 and 250 employees, respectively. Firms in cases B and G have community logic as they both have a particular connection to their geographical location while firms in cases C and D have salient profession logic, related to a specific expertise.

Despite the efforts, we had no access to firms holding a religion and a state logic. Regarding the firms with a state logic, contacts were made with three public firms in September 2015 but they proved to be unreasonable given the proximity of the Portuguese legislative election held in October 2015. During the following months (November and December, 2015), we continued to pursue these three firms by different means but the political instability that followed the election was also reflected in the lack of availability of public firms' top managers for the purposes of the current research.

However, the fact that we did not gain access to a firm holding a particular institutional logic in this phase does not impede this particular logic from being present in the ecosystems studied, as it turned out after case analyses.

Moreover, the sample of cases was drawn from across a variety of business-to-business exchange relationships to minimize the effect of industry-specific practices (Cannon et al., 2000).

One last concern is related with the assessment as to what could be considered an adequate number of cases. This research follows Glaser and Strauss's (1967) criterion of theoretical saturation, according to which saturation is reached when no further categories are identified based on examination of new cases, which happened, in this research, after the eighth case.

Apart from confirming theoretical saturation, the following cases (cases from I to M) were also added as two of them (cases I and J) play an intended purpose: since they have similar organizational field characteristics to case E, additional comparative possibilities arise from here.

The sample size depends on both the research objectives and the time and resources available (Saunders et al., 2009). Nevertheless, some authors point to a range between a minimum and a maximum number of cases that a case study method should consider: Yin (2009) proposes that two or three cases may support a theory that does not demand an excessive degree of certainty but five or more replications may confer a higher degree of certainty to the research; on the other hand, Miles, Huberman and Saldaña (2014) suggest a range between five and ten cases; while Eisenhardt (1989) suggests that a number between four and ten cases usually "works well". The present research analyses in depth twelve cases geographically distributed by different districts of Portugal (excluding the Portuguese islands).

#### *3.3.2.3 The research timeframe.*

The identification of the period or the point in time to which the research will relate is a feature to be considered in the research design. In this regard, research can be either a cross-sectional study or a longitudinal study. The latter is particularly suitable if the phenomenon being studied is intended to capture change while the former is better suited to study a phenomenon unfolding at a particular time (Lewis & Ritchie, 2003; Saunders et al., 2012). This study fits in with the second definition insofar as it aims to understand how individuals make sense of several institutional logics at the present moment (i.e. a particular point in time). In order to capture information compatible with the research timeframe, in interviews, decision-makers were asked to identify and describe “recent” situations where the phenomenon under study has been expressed (see appendix 1) and, in documentation analysis, the latest version of those documents was considered.

#### *3.3.2.4 Confidentiality of data and anonymity of participants’ identities.*

In an organizational context, the availability of actors to allow access to information may depend on several research aspects. Saunders et al. (2012) identify three categories of organizational concerns: the first is the length of time or other resources involved in participating, the second category deals with sensitivity concerning the research topic and the last one is related with the confidentiality of the data and the anonymity of the organization or the individual actors. In this research, we found some concerns related to how much decision maker’s time it would take for data collection, concerns that were easily overcome after a brief clarification. However, we faced major difficulties when it

came to disclosure of identities. This was clearly spotted in the convenience sample used to test the interview guide and confirmed when contacts with the first case were made. In Yin's (2009, p. 181) words, anonymity is justifiable when the "issuance of the final case report may affect the subsequent actions of those that were studied". Case studies on the actions of individual actors with central roles in specific firms may potentially harm individuals and their firms, if sensitive information was revealed. Saunders et al. (2012) assume a different position of the one taken by Yin (2009) and propose that "individuals and organizations should therefore remain anonymous and the data they provide should be processed to make it non-attributable, unless there is an explicit agreement to attribute comments" (Saunders et al., 2012, p. 231). Ogden (2008) reflects on the advantages and disadvantages of anonymity by arguing that "anonymity can facilitate candid disclosure of sensitive information while also protecting the privacy and safety interests of participants. At the same time, if a source is completely anonymous, it is also impossible for researchers to account for the authenticity of their data" (Ogden, 2008, p. 16).

This research maintains case anonymity and data confidentiality where only the researcher has full knowledge of the sources. Specifically, some information is omitted or disguised, such as the names of the firms or individuals and particular individual or firm identifying features. Also, the content of the quoted comments did not allow for the inference of the respondent's identity. This commitment enabled the researcher access to interviewees, internal documentation and even observational instances and possibly allowed a greater openness of the respondent during the interviews.

### **3.3.3 Data collection techniques.**

Yin (2009) points to the existence of six main sources of evidence in the case study method: documents, archival records, interviews, direct observation, participant-observation, and physical artifacts. Each technique has its procedures and adequacies.

In the present research, the techniques used to collect data are interviews and observation as primary and documental analysis as secondary data sources. While considering the concern to use the most appropriate techniques to answer research objectives, the chosen techniques also reflect the interest in studying the phenomena in their naturalistic setting. The procedure and the rationale followed for each technique is now described.

#### *3.3.3.1 Interviews.*

Research interviews are a “purposeful conversation between two or more people, requiring the interviewer to establish rapport, to ask concise and unambiguous questions, to which the interviewee is willing to respond, and to listen attentively” (Saunders et al., 2012, p. 372). Research interviews are broken down into three different types: structures, semi-structured or unstructured or in-depth interviews. The degree of structure assigned to the interview depends on the research purpose and strategy: while semi-structured and in-depth interviews are used to collect data that will be analysed qualitatively, structured interviews are often used to gather data for quantitative analysis (Lewis & Ritchie, 2003; Saunders et al., 2012). In descriptive-explanatory studies like this, semi-structured interviews are the most used type of interview and this is also the most appropriate type of interview to understand individual’s cognition and actions,

which is the main goal of this dissertation. Besides the adequacy motive, the choice of the semi-structured interview format is also attributable to the complexity of the issues to be covered which requires personal contact and time (Saunders et al., 2012). Finally, the choice for semi-structured interviews has also to do with the research quality criteria which are addressed in subsection 3.3.5.

All the interviews took place at the firm's facilities. During interviews, the researcher used an interview guide and its structure was followed (see appendix 1). Mainly based on the reviewed literature, the interview guide (originally in Portuguese) consisted of four groups of questions. Open, probing and closed questions were also used to promote topic related communication. A convenience sample of two actors with similar organizational roles to the ones studied was used to test, *a priori*, the interview guide and the resulting improvements were made.

A total of twelve face-to-face interviews were held with twelve decision-makers (i.e. one interview per individual actor). Total interviewing time amounted to 28 hours, corresponding to an average duration of two hours and twenty minutes (varying from 50 minutes in one interview to more than 3 hours in two interviews). Interviews were conducted between 9<sup>th</sup> November 2015 and 8<sup>th</sup> January, 2016 with top decision-makers involved in service exchange with providers. A general description of decision-makers positions within firms is presented in table 13.



Table 13 – Actors' position in firms

Actor's role description	Number of actors
CEO, partner and founder	4
CEO and partner	4
Executive director	4

*Note.* The roles identified are not, in some cases, the official communicated positions. These general descriptions are intended to show the actor's level of decision-making within the firm while maintaining their anonymity.

Virtually all interviews were digitally recorded which enabled the concentration on the dialogue and the faithful reproduction of its contents (Saunders et al., 2012; R. Yin, 2009). Recorded interviews were then *verbatim* transcribed. As the write-up and the analysis of the case studies progressed, relevant sections of interviews were identified and translated into English. These translations were used in the analytical techniques described in subsection 3.3.4 and as quotes for the case study write-ups. Exact quotes have been used in the case studies.

A technical problem caused the recording of one interview to be lost. In this case, immediately after the interview, comprehensive notes and impressions were written down (Bourgeois & Eisenhardt, 1988). Also, citations were reconstructed from original sentences as accurately as possible and are identified in the case study description as approximate quotations.

### *3.3.3.2 Observation.*

Once this research deals with contemporary phenomena, observation is particularly suitable as a source of data within the case study method (R. Yin, 2009). According to Saunders et al. (2012, p. 340), observation, as a data collection technique, involves “systematic observation, recording, description, analysis and interpretation of people’s behaviour”. Several authors (e.g., Saunders et al., 2012; R. Yin, 2009) distinguish between observation in which the researcher is a passive observer and observation where the researcher assumes an active role. In the present research, the former position was adopted, with the respondents having prior knowledge of the researcher’s purposes.

Observations occurred in the same day that interviews took place, as suggested by Yin (2009). Specifically, the researcher, in some cases, observed the decision-makers’ interactions in daily routines with other members of its work team. In other cases, dialogues between decision-makers and service providers were observed. In addition, five visits to firm’s facilities were provided and during those visits, it was possible to observe not only the interaction between decision-makers and multiple firm’s employees (some of them were occasional conversations) but also the natural setting of each firm, including the particular language of its actors. Notes and impressions collected through this technique were written down immediately after the observation moment.

### *3.3.3.3 Documental analysis.*

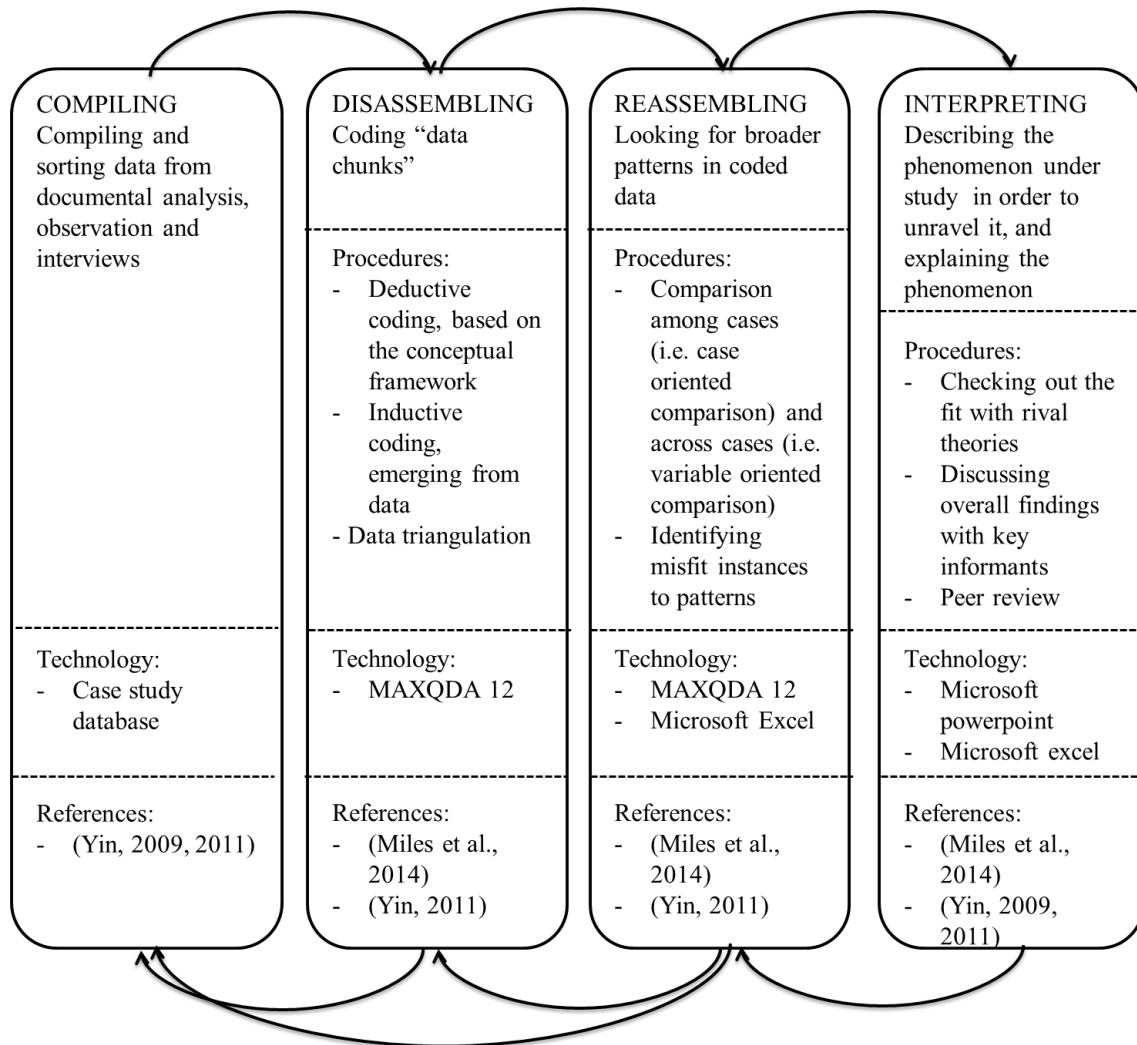
Unlike interviews and direct observations, documental analysis is a secondary data source. Secondary data is that information collected for purposes other than the research

where it is used (Ogden, 2008). Documentation is a frequent source for case studies (Eisenhardt, 1989; R. Yin, 2009) and its use has several advantages in management studies: it complements primary data collected, provides information such as “managers’ espoused reasons for decisions”, and offers a triangulation means with other collected data (Saunders et al., 2012, p. 308). In this research, firms’ specific documentation was used to gain a deeper understanding of each firm in order to capture identities, practices and goals. Documentation from the addressed firms, as well as available documents of competing firms were also used to identify representative practices of studied firms’ fields. Prior identification of the stakeholders exerting significant influence in each studied organizational field occurred through interview and documentation analysis. Finally, documents reporting service providers’ related activity and decisions were also used to triangulate data from other sources, as detailed ahead.

#### **3.3.4 Data analysis techniques.**

Case study was considered the most suitable method to present research for the reasons already explained in subsection 3.3.1. The absence of a widely accepted procedure to qualitative case studies increases the importance of explaining the followed procedures, in particular data analysis procedures and techniques (Yin, 2011). Present research analysis follows a five-phased cycle as proposed by Yin (2011) and the four phases preceding the conclusion are represented in figure 14.

Figure 14 – Data analysis cycle



Data from documentation collected, observation and interviews were considered in present research. Procedures followed to collect data have already been described in subsection 3.3.3. Digital records of all data collected were kept in a database, organized by case and data source.

All data were analysed several times and after this, relevant chunks were identified and coded (i.e. disassembling phase), using MAXQDA 12. We opt for coding chunks of data corresponding often to paragraphs in order to capture the all meaning. Codes were

initially created from the conceptual framework (see appendix 2) but the theoretical codes attributed to the problematic situations with service providers identified and the ones assigned to the troubleshooting response showed a misfit with data. Alternatively, we opted for inductive coding, using *in vivo* coding as suggested by Miles et al. (2014, p. 81). Initial and final codes are identified in appendix 2. Several incursions to raw data occurred in order to identify all the relevant data chunks and coded data chunks were triangulated as explained in table 14.

Table 14 - Data triangulation procedures

Data	Data collection source	Data triangulation source
Organization field logics	Documents	Interview Observation
Firm logics	Documents	Interview Observation
Actor logics	Interview	Observation Documents
Actor agency regarding service providers	Interview	Observation Documents

During the reassembling phase, we followed a mixed approach, describing each case through a replicable structure of variables driven from the conceptual framework (see chapter 4), then we analysed some variables across cases and lastly we compared cases in order to find similarities and differences among cases regarding some other variables (see chapter 5). We supported analysis on displays of coded data into different arrays and combinations using Microsoft Excel (Miles et al., 2014; Yin, 2011).

Interpretation of the findings was achieved through constant and recursive comparison between data and the conceptual framework. Recursive comparison with rival theories assumed a prominent role in achieving interpretation as they explained better the empirical data. In addition, findings were discussed with key informants and peers who also reviewed methodological proceedings (Miles et al., 2014; Yin, 2009, 2011).

### **3.3.5 Quality criteria efforts.**

This subsection intends to detail the researcher's efforts to ensure trustworthiness of findings. However, as Saunders et al. (2012) stress, criteria to assess the rigor of the research carried out depends on dissertation's audience perspectives on the nature of reality and on what may be considered acceptable knowledge. Therefore, analysing the quality of research using different lenses becomes necessary.

Yin's (2009) perspective on how to ensure validity of the research is used by closer to positivism researchers who employ case study method (e.g. Eisenhardt & Graebner, 2007; Eisenhardt, 1989). Criteria proposed by Yin (2009) to ensure the research's quality, criteria's definition as well as how each criterion is covered in this particular research are detailed in table 15.

Table 15 - Criteria for assessing research quality according to Yin (2009) and how they were followed in the research

Criterion	Definition	Ensured through:
Construct validity	"identifying correct operational measures for the concepts being studied" (Yin, 2009, p. 40)	<ul style="list-style-type: none"> <li>- triangulation of data sources (see subsections 3.3.3 and 3.3.4)</li> <li>- a manifest "chain of evidence" from the research questions to the findings (see figure 1)</li> <li>- discussion of cases overall findings with key informants (see subsection 3.3.4)</li> </ul>
Internal validity	"seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships" (Yin, 2009, p. 40)	<ul style="list-style-type: none"> <li>- the use of "pattern matching" technique between theoretical framework and empirical data (see subsection 3.3.4 and chapter 5)</li> <li>- the gradual building of an explanation from the presumed set of causal links forming the conceptual framework to the empirical framework (see subsection 3.3.4 and chapter 5)</li> <li>- systematic comparison between rival theories and data (see subsection 3.3.4 and chapter 5)</li> </ul>
External validity	"defining the domain to which a study's findings can be generalized" (Yin, 2009, p. 40)	<ul style="list-style-type: none"> <li>- the selection of the cases in order to allow literal and theoretical replication (see subsection 3.3.2)</li> </ul>
Reliability	"demonstrating that the operations of a study-such as the data collection procedures-can be repeated, with the same results" (Yin, 2009, p. 40)	<ul style="list-style-type: none"> <li>- the use of a case study protocol (see subsections 3.3.3, 3.3.4 and appendix 1)</li> <li>- the creation and maintenance of a case study database (see subsection 3.3.4)</li> </ul>

Source: (Yin, 2009)

Otherwise, researchers who identify themselves with interpretivism as Guba (1981) argue for the need of distinct criteria to assess the quality of a research since positivism and interpretivism have also distinct perspectives on key assumptions and on practitioners' postures. The proposed set of criteria to ensure the research's quality, the corresponding definition and the way each criterion is approached in the research are detailed in table 16.

Table 16 - Criteria for assessing research quality according to Guba (1981) and how they were followed in the research

Criterion	Definition	Ensured through:
Credibility	"the confidence in the 'truth' of the findings of a particular inquiry" (Guba, 1981, p. 79)	<ul style="list-style-type: none"> <li>- the richness of descriptions (see chapters 4 and 5)</li> <li>- triangulation of data sources (see subsections 3.3.3 and 3.3.4)</li> <li>- explicit links between data presented and prior theory (see chapters 4 and 5. See also section 2.4)</li> <li>- the description of data analysis procedures (see subsection 3.3.4)</li> <li>- the acknowledge of negative evidence and uncertainty of findings when they occur (see chapter 5)</li> <li>- the examination of rival explanations (see chapter 5)</li> <li>- discussion of cases overall findings with key informants (see subsection 3.3.4)</li> </ul>
Transferability	"the degree to which the findings of a particular inquiry may have applicability in other contexts or with other respondents" (Guba, 1981, p. 79)	<ul style="list-style-type: none"> <li>- the use of theoretical sampling (see subsection 3.3.2)</li> <li>- the description of sample characteristics (see subsection 3.3.2)</li> <li>- Detailed and accurate description of the findings (see chapters 4 and 5)</li> <li>- the identification of prior literature related with the findings is made (see chapter 5)</li> <li>- the proposition of different settings to test the findings (see section 6.5)</li> </ul>
Dependability	"the possibility of replication of the findings with the same or similar respondents and in the same or similar context" (Guba, 1981, p. 80)	<ul style="list-style-type: none"> <li>- clear statement of the research questions (see subsection 1.4)</li> <li>- coherence between the research questions and the design chosen to the study (see sections 3.2 and 3.3)</li> <li>- the clarification of the researcher's role and status in the study (see chapter 3)</li> <li>- the use of a replication strategy among cases (see subsections 3.3.2 and 3.3.4)</li> <li>- the detailed presentation of the conceptual framework of the research (see section 2.4)</li> <li>- peer review procedures (see subsection 3.3.4)</li> </ul>
Confirmability	"the degree to which the findings of an inquiry are a function solely of respondents and conditions of the inquiry and not of the biases, motivations, interests and perspectives of the respondents" (Guba, 1981, p. 80)	<ul style="list-style-type: none"> <li>- the detailed description of the reasearch procedures (see subsections 3.3.3 and 3.3.4)</li> <li>- presentation of considered data in the document (see chapters 4 and 5)</li> <li>- explicit links between data and conclusions (see chapters 4 and 5)</li> <li>- the examination of the plausibility of rival conclusions (see chapter 5)</li> </ul>

Source: (Guba, 1981; Miles et al., 2014)



## **Chapter 4 – The Case Studies**

This chapter gathers the relevant information collected from the three data sources used – documentation, observation and interviews – and presents the information in a narrative form. Twelve individual case studies are described, always following the same narrative structure, analogously to the conceptual framework presented (see subsection 2.4.2).

The names of firms and actors are fictitious in order to maintain their anonymity, as explained in subsection 3.3.2. Cases and firms are designated by letters of the traditional Portuguese alphabet which excludes the “K” letter, and actors are named by typical Portuguese names, according to their gender and the letter designating his/her case.

The concepts of industry and technology are used throughout the cases description. By industry we mean a group of businesses that offers the same or very similar service to the firm in question while technology is simultaneously “A technology-singular – the steam engine – originates as a new concept and develops by modifying its internal parts. A technology-plural – electronics – comes into being by building around certain phenomena and components and develops by changing its parts and practices. And technology-general, the whole collection of all technologies that ever existed past and present, originates from the use of natural phenomena and builds up organically with new elements forming by combination from old ones” (Arthur 2009, as cited in Akaka & Vargo, 2014, p.376).

## 4.1 Ecosystem A

### 4.1.1 Macro level of analysis: organizational-field A.

#### 4.1.1.1 *Relevant practices.*

A&Firm's industry offers operant resources based propositions. In some occasions, propositions can also involve operand resources. Some players operate at a global scale while others operate at a national level.

Technology is a critical component in service provision in A&Firm's industry. A&Firm, like its competitors, operate in a rapidly changing environment due to frequent technological changes and the price is mentioned in several documents as important to the competitiveness of these firms.

One particular feature of the industry is the importance given to normative standards or the "(...) internationally agreed best practices (...)" related to the activity and seen as a way to gain legitimacy.

This industry's beneficiaries are organizations. In Portugal, an important part of the activity's revenue comes from public organizations. As a result, A&Firm and its competitors pay special attention to public organization's way of operating.

#### **4.1.2 Meso level of analysis: A&Firm.**

##### *4.1.2.1 Identity.*

A&Firm results from the merger of two of the largest Portuguese firms operating in the same industry for more than three decades. This fusion occurred two years ago with the purpose of creating a new firm provided with “(...) a long history of quality and credibility in the market, (...), an essential reference in the sector of [activity], with a sophisticated and complete range of services and skills to serve its customers.”

The merger is portrayed in the documents analysed as a successful transformation. The reasons stated to justify this success are the similarity of missions, values and practices of the founding firms.

The formal established goals for this large firm aim to “provide return on investment, create value and increase the assets of customers”, “professional development [of employees]”, and to “sustainable economic growth of the firm”.

The firm’s values are set as guidelines on how to behave regarding customers, shareholders, employees and the firm itself.

##### *4.1.2.2 Practices.*

A&Firm offers technology and knowledge-based value propositions to heterogeneous organizational beneficiaries. These propositions typically require high levels of knowledge exchange and long interaction periods between the firm and the service beneficiary. Most of the existing beneficiaries started to work with one of the founding firms and remain as customers until today.

A&Firm is run by a board of six directors and three of them form the Executive Committee.

The firm has over three hundred employees and a large part comes originally from the founding firms. Approximately two hundred and fifty employees work directly or closely to an average of eight hundred and fifty service beneficiaries per month. About 55% of the firm's revenue comes from Portuguese public organizations.

All procedures are strongly influenced by several normative standards adopted and they are periodically audited in order to ensure “continued compliance and sustained evolution of [the] management systems”.

#### **4.1.3 Micro level of analysis: Mr. António.**

##### *4.1.3.1 Social Identity.*

Mr. António is the executive director responsible for several areas including the one where the relationship with service providers is managed. Thirty years ago, Mr. António started his carrier after graduating. For more than twenty five years he played similar roles related with sales activities in different firms. This experience gives him a strong commitment to customers: “When I make a purchase with certain requirements, it is not me who is imposing those requirements, they are crucial to the final customer and are sometimes crucial to the business of my client.”

When the merger took place he was already CEO at one of the founding firms, where he started working three years before.

Mr. António values his long experience “working both in multinational firms and in reputable Portuguese firms” which provides him expertise and justifies his position in the firm where he has a great number of the firm’s employees under his supervision.

To Mr. António moral values are fundamental in human relationships in order to build “trust” which, in turn, he believes to be the way to achieve goals:

“We have other values that are not related to technical skills. For us it is important that people are technically good but (...) [the employee] has to be ethically correct, people with soft skills are important because we live much of the relationship with our customers”.

A strong identification with the firm is present throughout Mr. António discourse:

“If you think that we sell mainly services and if I go to a Swiss firm proposing a service and if I say that I am certified by [a specific] standard that is the standard that guarantees (...), I do not have to explain a lot because he knows what deliverables he will receive and so on. If I don’t have this certification, it will be very difficult for me to sell it (...)”.

#### *4.1.3.2 Goals.*

There is a strong commitment to firm goals as Mr. António identifies all the formal established objectives for the firm as his own. In addition, Mr. António sets second-order, activities-specific goals for the areas he is responsible.

#### **4.1.4 Value cocreation with service providers.**

##### *4.1.4.1 Service providers.*

In order to form value propositions, A&Firm needs operand and operant resources from service providers. Operand resources needed are standard, technology-based resources and operant resources are knowledge-based resources that do not exist or are not available within the firm.

Value cocreation between A&Firm and its service providers requires high levels of knowledge exchange and long and intense interaction periods between the parties.

Nowadays, A&Firm has about ten business-related service providers. They access the specific operand resources they need through authorized dealers and they contact the service providers directly for the operant resources needed. This group of service providers has remained stable over time.

A&Firm has a specific team for managing the relationship with service providers.

##### *4.1.4.2 Service providers' selection.*

The requirement for providers' high moral standards is emphasized several times by Mr. António: "what matters most is closeness and trust". Trust, to Mr. António, is "to have great confidence when I pass them information (...) and [the provider] should also require internally that this [information] will not be known [by competition]". Relational aspects are far more important to Mr. António than "transactional and financial issues".

Mr. António sees the relationship with service providers as long term commitments and as necessary for mutual success:

“It is more reasonable to have big suppliers than to have small suppliers that collaborate with us occasionally” and “I actually cannot buy only to the best [provider] because I have to maintain the status quo and I need them all”.

According to Mr. António, the relationship of A&Firm with its service providers is unbalanced, especially the relationships involving operand resources providers. However, he does not conceive the use of A&firm’s “power” against its service providers: “(...) we have a big power [regarding service providers] and I'm always advising my team – Pay attention and do not use this power in a negative way”.

Mr. António plans joint future action and expects the share of information necessary for joint activity:

“We have been challenging [service providers] but unfortunately they have not yet responded [to our claims]: we want to have all the [information] systems connected with theirs. I do not need to have so many people writing the same [reference] code on this side [the firm’s side] and on the other side [the provider’s side], with a very high degree of error. These people can do a completely different and value-added work instead of placing orders, doing pickings; making [delivery] notes ... I would say that since a proposal is awarded I never have to write that [reference] code again. This [procedures] has to flow: place an order, check availability, make an electronic invoice ... all have to be connected.”

Service providers’ performance is monitored every quarter by Mr. António’s team and

“we show them that if they are not reliable from a logistical point of view and if those deadlines [agreed with service beneficiaries] are not met and if they are not sensitive to a project that is critical to me, business between us will decrease.”

#### *4.1.4.3 Decision-maker's action in troubleshooting situations.*

Usually, all issues related with service providers are handled by the buying team. Still, there are some situations where Mr. António intervenes:

"A mistake in a big order, something serious. Missing a deadline that jeopardizes a project. Sometimes the person in charge calls me and he tells me: - This delivery is compromising the project and we may have penalties for failing a deadline agreed with the client! - We need to put it on track again and then, I intervene.”

Mr. António's involvement has mainly two kinds of motivations: A&Firm normative scripts that dictates Mr. António must approve every purchase involving financial costs above a specified plafond and the second one involves situations with significant impact on customers or in the work of internal teams caused by delivery delays or mistake situations that could occur in service exchange with providers. The latter situations are the ones that capture Mr. António's attention and concern.

Mr. António classifies the situations in terms of impact on customers' activities or in the work of internal teams caused by delivery delays or mistake situations that could occur in service with providers as “critical but their resolution is not very complex”. The



problem solving schema is the same to both situations (i.e. delivery delays or mistake situations):

“I will bring it [the problem] up with the manufacturer and I will ask for an early shipment or I will ask that the equipment travel by plane or something like this. Usually the problem reaches me and I escalate it directly to the manufacturer without talking with the dealer, I talk directly and right away with the manufacturer. (...) If it is a serious mistake in an [purchase] order, the process is similar: I talk to the distributor and we figure it out the simplest way to minimize the problem, if there is another local supplier who has the equipment to fill the need or other [solution]...”

## **4.2 Ecosystem B**

### **4.2.1 Macro level of analysis: organizational-field B.**

#### *4.2.1.1 Relevant practices.*

B&Firm's industry offers operant resources-based propositions. Technology is a critical component in service provision in B&Firm's industry, which competes at a global scale. Price is important particularly since there are competitors whose proposed solutions involve a very low or no financial cost to beneficiaries. Alternatively, firms often propose solutions which embody increasing operant resources to compete with those.

This industry's beneficiaries vary from individuals to organizations from all over the world, with very heterogeneous expectations and needs.

### **4.2.2 Meso level of analysis: B&Firm.**

#### *4.2.2.1 Identity.*

B&Firm was founded in 2004 by its present CEO. Based on the idea that technology can contribute to the reduction of the negative human impact on the planet, B&Firm's mission is to develop technology based solutions capable of reducing human ecological footprint.

In the future, this micro firm expects to operate at a global scale in a "mass market", following an open-source model". To achieve this goal, it is necessary, according B&Firm, to have a group of experts doing "new product research".

#### *4.2.2.2 Practices.*

B&Firm offers customized, technology and knowledge-based value propositions to a specific group of organizational beneficiaries. These propositions typically require high levels of knowledge exchange and very long interaction periods between the firm and the service beneficiary. Currently, B&Firm works with beneficiaries in England, Angola, Mozambique and Portugal.

The firm has nine employees, working in close connection to service beneficiaries.

Recently, B&Firm, which was originally located in a Portuguese city, moved to a rural environment. This process was jointly planned with the local public administration and public facilities were re-used.

### **4.2.3 Micro level of analysis: Mr. Bento.**

#### *4.2.3.1 Social Identity.*

Mr. Bento is the founder and the present CEO of B&Firm. He started his carrier after graduating and worked as an expert in a different firm for about five years. Those years were very important to Mr. Bento as they allowed him to “gain experience”, however, Mr. Bento began to disagree with firm’s practices: “the idea that many of the things I did could be done differently began to grow and I felt displaced”. As a response to the idea of “democratization of new technologies”, B&Firm arose.

#### *4.2.3.2 Goals.*

Despite the goals that Mr. Bento established for B&Firm (see subsection 4.2.2), he faces a dilemma: to pursue the goals established or “to be taken over by a giant firm” and he added: “I do not mind at all. I could be retired in ten years!”

### **4.2.4 Value cocreation with service providers.**

#### *4.2.4.1 Service providers.*

In order to form value propositions, B&Firm needs mainly operant resources from service providers that are knowledge and technology-based resources that do not exist or do not have enough expertise available within the firm.

Value cocreation requires intense interaction periods between B&firm and its providers’ interfaces. Nowadays, B&Firm has about three business-related service providers. They contact directly the service providers for the operant resources needed.

#### *4.2.4.2 Service providers’ selection.*

According to Mr. Bento,

“what we value most clearly in all the cases [of service providers] is the relationship between price and quality. Yet, often the price is not the determining factor. But the price/quality ratio, this ratio, that once placed in an equation, will have a resulting value that will be then ordered in a ranking. The first [service provider of that ranking] wins”.

Yet, Mr. Bento also mentions,

“Quality of support [provided]. When things go wrong, what happens? That's the key issue because it has to happen something bad to know the answer. It is the response provided that determines whether the provider is good or not. After this [criterion] there is the price [criterion] and the [resource's] references.”

Mr. Bento stresses that,

we have a technical assessment [of our service providers]. This is a very mathematical science: it is either good or not and it is easy to reach a conclusion. It is almost like buying cement - I'll buy this cement because it gives me security and you know that if you use the cement as it should be, it will not fail. However, it does not prevent, from time to time, a house to fall down. That does not shake our confidence until it is your house [to fall]!

But also, “I want to stress that there are many suppliers that we never saw in life. We only exchange emails and phone calls”. However, Mr. Bento thinks that personal relationships are a way for gaining access to information: “I have a childhood friend who is there [works in a provider firm] as a technician and that inspires my confidence as I know if there are any problems I call him and he will help me”.

#### *4.2.4.3 Decision-maker's action in troubleshooting situations.*

Mr. Bento presents two examples of a troubleshooting situation: sudden and unexpected interruption in resource integration. Those situations require Mr. Bento's intervention as

“we have many firms [indirect service beneficiaries] whose business depends on the quality of our service. This is the most important thing”.

Mr. Bento describes those situations as “we were tied hands and feet because it [the resolution of the situation] did not depend on us”. The problem solving schema involves always the replacement of the service provider, immediately or in the short term. Sometimes, the problem solving schema may also involve the redefinition of what is expected of a specific provider, depending on the occurrence of unexpected features of the problematic situation.

## 4.3 Ecosystem C

### 4.3.1 Macro level of analysis: organizational-field C.

#### 4.3.1.1 *Relevant practices.*

C&Firm's industry offers operant resources-based propositions. As in the previous case, technology is also a critical component in service provision in C&Firm's industry, which competes at a global scale as well. Price is important particularly since there are competitors who resort to geographical markets where operant resources are less expensive. Alternatively, firms often propose solutions which embody increasing but also distinctive operant resources (e.g. professional "experience") to compete with those.

Like in B&Firm's industry, this industry's beneficiaries also vary from individuals to organizations from all over the world, with very heterogeneous expectations and needs.

### 4.3.2 Meso level of analysis: C&Firm.

#### 4.3.2.1 *Identity.*

C&Firm is a small firm that started business in 2011 with the purpose of "developing exciting (...) experiences for consumers worldwide". Its activity unfolds around a particular technology, in which the firm founders are experts.

In the future, C&Firm aims to "create value through the firm's products" since "the product allows us to increase the revenues in a way that does not involve the increase of

the cost's structure while (...) in order to create additional services, additional costs are needed.”

#### *4.3.2.2 Practices.*

C&Firm offers standard, technology and knowledge-based value propositions to specific organizational beneficiaries. This business is where the firm plans to invest. In addition, C&Firm also provides customized, technology and knowledge-based value propositions to organizational service beneficiaries. C&Firm develops the former business in Europe, Middle East and Asia and, in a short term, also in Africa and America while the latter activity has beneficiaries in Portugal, United Kingdom and United States of America.

The existing relationship with the first beneficiary group requires less knowledge exchange and shorter interaction periods than the relationship with beneficiaries requiring customized solutions.

### **4.3.3 Micro level of analysis: Mr. Carlos.**

#### *4.3.3.1 Social Identity.*

Mr. Carlos is the co-founder and the present CEO of C&Firm. Fifteen years ago, Mr. Carlos started his carrier after graduating. When he start working:

“I was the first person who joined the project [the firm] after its founders and at the time, in 2000, it was a firm completely dedicated to [a particular technology around



which C&Firm unfolds its activity]. Now it seems a trivial thing but in 2000 it was not. It was certainly the first in Portugal and one of the first in the world focused on [the particular technology mentioned]!”

This job provided experience and opportunities to Mr. Carlos:

This firm ended up being very successful as in 2008 it was bought by [a multinational firm]. I worked there [in the multinational firm] for three years, here [in Portugal] and in [the multinational firm headquarters]. In 2011 I had to make a decision about my future which entailed moving definitely to [the city where the multinational firm headquarters is located]. I decided to leave and to found the [C&Firm].”

#### *4.3.3.2 Goals.*

Mr. Carlos has a strong personal commitment to the firm’s goals.

### **4.3.4 Value cocreation with service providers.**

#### *4.3.4.1 Service providers.*

C&Firm needs operand and operant resources from service providers. However, C&Firm does not feel those resources integrated by providers as fundamental to its business: “we are not [part of] an manufacturing industry (...) all [the proposed service are] born here”. Consequently, C&Firm does not establish ties with its service providers and existing transactions occur occasionally when a given resource is needed.

*4.3.4.2 Service providers' selection.*

Mr. Carlos distinguishes between the providers integrating operand resources and those integrating operant resources. What he values the most in the former cases is the price paid for those resources. In these cases, “it is relatively easy to search for providers, a quick search [in the internet] and we quickly see [which provider has the lowest price for the resource]”.

In the latter cases, on the other hand, the choice falls on “the reference” for each operant resource. This “reference” is “the provider that indeed offers the best service” which is assessed through

(...) contact with the industry. Everyone here [in the firm] reads the industry’s blogs, the industry’s websites. Occasionally, when someone discovers something new, he shares it with everybody. [This information] is ‘top of mind’, I can tell you who is the reference and this [information] is more or less consensual within the industry”.

Yet, Mr. Carlos expects that

“A provider has to be responsive: if I ask you something, I expect a response in the same day. A provider cannot miss a delivery: if he commits to a date, he has to deliver on that date. If he fails, I immediately search for another [provider]. In short, [a provider] has to be ‘on time, on quality, on budget’ “.

*4.3.4.3 Decision-maker's action in troubleshooting situations.*

Mr. Carlos cannot explicitly identify troubleshooting situations with C&Firm providers and he justifies: “We do not have problems [with providers] because most of the goods we buy are electronic ones. There are no problems with deliveries, no delays ... “

Yet, Mr. Carlos, in an indirect way, identifies some problems and the way they are handled: “If he [the provider] fails [a delivery], I immediately search for another [provider]” and,

One of the challenges we have with those micro suppliers we have is to get their invoices as it is all bought and paid online with a credit card. It is difficult to match the purchases with the documentation. It is a process that involves work but [if there was a matching process made by the provider] it would save us a lot of work. Right now we have no alternative but to individually download each invoice. This is a process that takes me more than one hour a week.

## 4.4 Ecosystem D

### 4.4.1 Macro level of analysis: organizational-field D.

#### 4.4.1.1 *Relevant practices.*

D&Firm's industry offers propositions where operand resources have an important role. Technology is a critical component in service provision in D&Firm's industry. Service beneficiaries are specific organizations.

The number of firms in the industry has been decreasing through mergers and acquisitions processes, on a global scale. On the other hand, the industry is highly regulated in Europe and its procedures are broadly shaped by specific international standards which involve not only the industry firms but also its providers and beneficiaries.

### 4.4.2 Meso level of analysis: D&Firm.

#### 4.4.2.1 *Identity.*

After a significant change in the industry's regulatory framework, the original firm, operating for 30 years, was reorganized and became a group of firms "united in a group logic", since 2011. D&Firm is one of those firms.

The group has the mission of "contributing to social welfare" through its activities and each firm in the group has a specific task in achieving that mission. To be recognized as "an international reference" among itspeers is also a group goal, shared by all firms.

Since the main service beneficiaries of the D&Firm' group are also its shareholders, maximizing profits is not the main goal of D&Firm.

#### *4.4.2.2 Practices.*

D&Firm is a medium-sized firm offering operand resource based value propositions where technology has a central role. Its beneficiaries are organizations. However, a specific group of organizations within the same industry assume prominence among the beneficiaries. In the latter case, resource integration requires particularly high levels of knowledge exchange and longer interaction periods between the firm and the service beneficiary, compared to the remaining beneficiaries.

All procedures are influenced by several normative standards adopted but mostly by regulations that are imposed. On the other hand, most of D&Firm top management's decisions are dependent on the approval of the group's board of directors.

### **4.4.3 Micro level of analysis: Mr. Duarte.**

#### *4.4.3.1 Social Identity.*

Mr. Duarte is D&Firm's top manager. After graduating, he started his professional carrier, 20 years ago, in the company that gave rise to D&Firm. He worked in different departments and different positions but lately he has been working in sales. He has been D&Firm's top manager since the beginning. Yet, Mr. Duarte presents himself as a professional expert who has been upgrading his competencies over time (e.g. MBA).

#### *4.4.3.2 Goals.*

There is a strong commitment to firm goals as Mr. Duarte identifies all the firm's goals as his own. Personally, Mr. Duarte plans to deepen his personal expertise.

### **4.4.4 Value cocreation with service providers.**

#### *4.4.4.1 Service providers.*

In order to form value propositions, D&Firm needs mostly operand resources from service providers. Operand resources needed are technology-based resources that must follow tight specifications. In addition, value cocreation between D&Firm and its service providers requires high levels of knowledge exchange and long and intense interaction periods between the parties, due to tight specifications.

Nowadays, D&Firm has about three central, business-related service providers and Mr. Duarte does not want a larger number of central business providers.

In D&Firm, the daily contacts with providers are dealt by the sales team, who is responsible for every task involving a beneficiary order.

#### *4.4.4.2 Service providers' selection.*

Compliance with normative and regulative requirements is a *sine qua non* condition to be a central service provider. After meeting these conditions, "flexibility" in changing what is usual or planned is an attribute valued by Mr. Duarte.

The proposed price of service is mentioned as important, however, the existing relationship with the provider is far more relevant. Mr. Duarte sees the relationship with service providers as necessary for mutual success: “the relationship with providers is too important to end. There is too much dependence and risk involved [in the relationship]”.

In addition, “We base our providers’ selection on rational criteria but, in similar circumstances, I can rest assured when the providers with whom I have a good relationship are the ones involved in the supply”.

#### *4.4.4.3 Decision-maker’s action in troubleshooting situations.*

Usually, all issues related with service providers are handled by the sales team. Still, there are some situations where Mr. Duarte intervenes: “delays in deliveries are the most common situation. Another [problematic] situation is the one regarding non-conformities. We need to assess whether the beneficiary is right or not [about the complaint] and herein the common sense usually prevails”.

Both situations are handled through the hierarchical influence over the service provider in order to achieve an adequate solution.

## 4.5 Ecosystem E

### 4.5.1 Macro level of analysis: organizational-field E.

#### 4.5.1.1 *Relevant practices.*

E&Firm's industry makes resource integration propositions involving operand resources.

In Portugal, the industry has multiple, relatively homogenous dimension units and most of them are familiar firms. These players' service is recognized worldwide for their "technical skills" in resource creation and integration.

The economic recession that hit Portugal has pushed these firms to other geographical markets and a large part of them have an important part of their income coming from abroad, mostly European countries.

Industry beneficiaries are organizations. Some of them contact directly these firms but most of them contact a significant resource integrator of the service. As a consequence, some of the firms establish formal or informal partnerships with these significant resource integrators of the service.

Service beneficiaries value the resource's "design" and "durability" and its price is more important to national beneficiaries than it is to foreign.



#### **4.5.2 Meso level of analysis: E&Firm.**

##### *4.5.2.1 Identity.*

E&Firm was established in 1978 with the aim of providing the income necessary to support its founder's family and it still fulfils that function since the founder's sons also work there.

Throughout the years, the firm "has been keeping up with technological changes in terms of production and also in the development of the more appropriate products". The number of customers has been rising and, as a result, firm's facilities were expanded several times.

At the moment, the founder is progressively retiring and one of his sons is assuming his place. In the future, E&Firm expects to expand and diversify its offers through "innovation and some technological basis".

##### *4.5.2.2 Practices.*

E&Firm is a small firm offering an operand resource-based value proposition. Its beneficiaries, mostly Portuguese, are organizational actors.

About 75% of the employees have production associated functions. Presently, the firm is working in order to establish formal procedures, starting by those regarding production.

### **4.5.3 Micro level of analysis: Mr. Eduardo.**

#### *4.5.3.1 Social Identity.*

Mr. Eduardo is one of the founder's sons and he is currently taking over the management of the organization.

Mr. Eduardo was a lecturer and he was preparing his PhD thesis before undertaking his current role but

“the firm for me is kind of ‘wearing the jersey’ [a Portuguese saying that means a deep commitment to the work or job, holding an emotional connection] and it forced me to do a slight route change and reduce my presence in the academy. I had to temporarily abandon the doctoral idea to dedicate myself to the firm since the founder is departing”.

#### *4.5.3.2 Goals.*

Mr. Eduardo subscribes the goals established to E&Firm and adds

“we actually accomplish the implementation of a product management model that would allow anyone in the firm's management to be focused on other aspects than critical operational tasks”.

#### **4.5.4 Value cocreation with service providers.**

##### *4.5.4.1 Service providers.*

Resource exchange between E&Firm and its service providers involves a multiplicity of operand resources. Operand resources needed are mostly standard and low technology-based. However, in some cases, those resources can also be customized according to E&Firm specifications.

Resource integration requires moderate levels of knowledge exchange and medium interaction periods and D&Firm keeps a relatively stable group of around 30 providers over time, mostly Portuguese.

##### *4.5.4.2 Service providers' selection.*

What Mr. Eduardo values the most is, on the one hand, “I think that the relationship with providers should be as open as possible, I think that there should be justice for both sides (...) what I like to see and what I appreciate most is transparency in business”. On the other hand,

“to know who we can rely on in case of a problem (...); when there is a need to do a different project, to be able of relying on [providers'] ability, [because] if we unite efforts it will be easier than if we are alone in the market.”

In addition, Mr. Eduardo also expects “a good technical ability” while “when I value that partner [service provider], I am expecting the same appreciation from that provider and we should be working together in the same direction.”

Nevertheless, “the product’s price can weight in the decision [concerning a provider], mainly when it is not the quality of the product (...) that is at stake”.

#### *4.5.4.3 Decision-maker’s action in troubleshooting situations.*

Usually, all issues related with service providers are handled by a specific employee. Still, Mr. Eduardo intervenes when resources integrated are not in conformity to which had been requested and when there is a “failure of delivery of a product which if it is not delivered on time may condition my final delivery [to the service beneficiary] “.

Mr. Eduardo’s answer to these situations is:

“what I immediately do is to report a non-compliance and then I look for a workaround to correct such non-compliance, that is, the famous plan B. If this plan B is not possible, production could be constrained”.

If the solution for the problem does not result as expected by Mr. Eduardo, it could lead to the end of the relationship with the service provider, as explained:

“usually when there is not a good solution for a particular issue that is raised, and I see that there is not a good follow-up from the other side [the provider’s side], so it is preferable to look for another partner”.

## **4.6 Ecosystem F**

### **4.6.1 Macro level of analysis: organizational-field F.**

#### *4.6.1.1 Relevant practices.*

F&Firm's industry proposes service which includes particular operand resources. These resources have very high transportation costs and limitations which make firms operate and compete in a limited geographical space.

There are few firms operating in Portugal and they "are the same in the last twenty years". The exchange's price and the ability to adapt operand resources to what providers need are pointed as fundamental to firms' success.

In Portugal, this industry's beneficiaries are very heterogeneous, from organizations to individual actors.

### **4.6.2 Meso level of analysis: F&Firm.**

#### *4.6.2.1 Identity.*

F&Firm was founded almost 40 years ago and works in "three business areas: (...). We rent this equipment to [provide a specific service]".

Concerning the future, F&Firm expects "the stabilisation of the market in the coming years and subsequent market growth. This will allow [F&Firm] to start developing new business areas".

#### *4.6.2.2 Practices.*

F&Firm is a large firm which offers operand resources-based value propositions to about 5000 organizational and individual current beneficiaries. Due to beneficiaries' heterogeneity, interactions may vary from a few hours to several years.

F&Firm has several facilities all over the Portuguese territory and one abroad and has about 250 employees.

F&Firm is governed by a general manager, daughter of the founder.

### **4.6.3 Micro level of analysis: Mrs. Francisca.**

#### *4.6.3.1 Social Identity.*

Mrs. Francisca is the general manager of F&Firm, where she has always worked. In fact, Mrs. Francisca is very proud of her path with the firm:

“I have 30 years of work and the first job [in the firm]. I started as a courier. Today I am general manager but it is a path that I truly value because it gave me skills to realize what is done in each area. I have already worked in almost all areas [in the firm] and our firm works quite this way ...”

#### *4.6.3.2 Goals.*

After recognizing the firm's goals already mentioned, Mrs. Francisca adds:

“I want the company to continue to be recognized as competent people and as efficient service. I want to continue to work towards this goal in order to when

someone comes to us, you can deliver the service and rest assured... Name! I have no claim to be the market leader, I want to be recognized for quality service. That's what I intend to be, what [F&Firm] intends to be in the future."

#### **4.6.4 Value cocreation with service providers.**

##### *4.6.4.1 Service providers.*

F&Firm needs mainly operand resources from service providers. Those standard resources needed range from low to high-technology based ones. The acquisition of particularly high-technology based operand resources also involves the integration of related operant resources.

Nowadays, F&Firm has about 1600 providers from all different parts of the world where about 200 are "usual" providers.

F&Firm has a specific team for managing the relationship with service providers who follow procedures based on "experience".

##### *4.6.4.2 Service providers' selection.*

Mrs. Francisca expects that F&Firm's providers "meet my needs... that have the product I need and that they know how to advise me on what is the best product for my needs". On the other hand, "of course we consult the market to have a competitive price - the price is also important, of course yes! - but we prefer our traditional providers". Mrs. Francisca explains this "preference" claiming "we are usually loyal to our

providers and we expect their response to our needs”, and continues “There are no providers not allowed to provide [F&Firm] but there are those who we end up excluding. You can have a very competitive price but then they do not have responsiveness, solving abilities”.

Yet, there are particular cases where “there is only one choice available worldwide, for example, [a particular operand resource], because we acknowledge that [the resource’s provider] is the only one able to respond to our needs”.

#### *4.6.4.3 Decision-maker’s action in troubleshooting situations.*

Mrs. Francisca points to some troubleshooting situations involving service providers: “For example, if we buy something [a particular operand resource] and it systematically originates problems, we address a complaint about that kind of situation”.

Mrs. Francisca explains that, in these situations, “sometimes they ask for my opinion when the decision is more or less made or to help in the decision, I follow [the issues] because I like to follow [the issues]” since “usually we do not have big problems. They are solved through dialogue [with service providers].

In delay situations, troubleshooting involves “understanding why is the delay, sometimes it is possible to wait [for the bought resource as] it does not cause us a great inconvenience”. If delay situations become recurrent, the provider is progressively “put aside”.



## **4.7 Ecosystem G**

### **4.7.1 Macro level of analysis: organizational-field G.**

#### *4.7.1.1 Relevant practices.*

G&Firm's industry offers knowledge-based propositions and its beneficiaries are individuals. Firms act locally since the industry is comprised by many, typically micro or small firms. Hence, some of them try to adapt their activity to the surrounding community. Professional skills are critical in this industry's service provision.

### **4.7.2 Meso level of analysis: G&Firm.**

#### *4.7.2.1 Identity.*

G&Firm is a micro firm founded over 40 years ago with the aim of "preventing and treating [a problem]".

The firm is a family business, "passing from generation to generation". G&Firm's goal is "to achieve an adequate [specific service] for each case".

#### *4.7.2.2 Practices.*

G&Firm proposes to its beneficiaries an operant resource based value propositions. Beneficiaries are mainly local individuals.

Mrs. Guiomar's father, who also performed a similar specialized work during 40 years, retired recently. At that moment, his daughter, who has also a similar technical training, replaced him in the firm's management and practice.

Practice, in G&Firm, is guided by "an interdisciplinary approach to [the service], which through new techniques seeks to adapt our knowledge for the benefit of the [service beneficiary]."

#### **4.7.3 Micro level of analysis: Mrs Guiomar.**

##### *4.7.3.1 Social Identity.*

Mrs Guiomar is a young professional who also manages G&Firm. She is very attached to the firm since "I grew up here in this [firm's facilities] (...) because I always liked to see my father working and to help here".

Mrs Guiomar also defines herself through her profession and shows pride in her academic record.

##### *4.7.3.2 Goals.*

While Mrs Guiomar aims at "always having a good relationship with the people who come here and try to find solutions to the problems they bring", she also intends to "try to keep it [G&Firm] as my father managed to maintain it for more than 40 years".

#### **4.7.4 Value cocreation with service providers.**

##### *4.7.4.1 Service providers.*

G&Firm needs mainly operand resources from service providers. Operand resources needed are standard based resources and value cocreation between G&Firm and its service providers requires some knowledge exchange.

G&Firm has about six business related service providers who interact directly with Mrs Guiomar or with the other firm's employee.

##### *4.7.4.2 Service providers' selection.*

Mrs Guiomar defines what she expects from service providers: "I start from the premise that people have to be professional, and then we have to consider the economic interests".

However, she pays special attention to information exchange and a provider should be "someone who is informed so when we have some doubts he should be available to take away any doubts we may have".

*4.7.4.3 Decision-maker's action in troubleshooting situations.*

Mrs Guiomar identifies two main problems requiring her attention: situations where the resource needed is exchanged for another by mistake and situations where the characteristics of the resource do not comply with the expected ones.

Both situations are treated in the same way: “The product returns to the provider. Then what happens: in certain stores, the money is refunded (...), in others we have to stay with a [credit] note and use that credit later.”

## **4.8 Ecosystem H**

### **4.8.1 Macro level of analysis: organizational-field H.**

#### *4.8.1.1 Relevant practices.*

H&Firm's industry makes resource integration propositions involving operand resources. The industry is part of a complex and global network of exchange characterized by multiplicity, heterogeneity, in terms of dimension and acting context practices, and dynamics of the players.

Technology is a critical component in service provision in H&Firm's industry.

An important feature of this service ecosystem is that resource integration varies greatly from country to country mostly due to differences in national rules concerning the operand resources involved in the process. As a consequence, despite the relative homogeneity among individual beneficiaries and among organizational beneficiaries, service may vary from one country to another.

### **4.8.2 Meso level of analysis: H&Firm.**

#### *4.8.2.1 Identity.*

H&Firm was founded in 2004 by Mr. Henrique and his brother to integrate particular resources in a specific market.

The firm's goal is:

“to contribute decisively to the development of [beneficiaries’] business as a partner you can trust”. Through “best products with very competitive prices. We seek to answer with quality, professionalism and dynamism to the new challenges that this market provides us”.

#### *4.8.2.2 Practices.*

H&Firm offers technology and knowledge-based value propositions especially to a specific group of organizational beneficiaries from all over the world but also to individuals, mainly in Portugal. These propositions typically require high levels of knowledge exchange and long interaction periods between the firm and the service beneficiary.

The firm has more than twenty employees. All of them working closely with service beneficiaries and providers. The foreign service beneficiaries represent around 50% of total income and H&Firm has about one thousand service beneficiaries.

Exchange rates and other economic and political aspects of the countries with whom the firm does business with affect resource integration. They are, therefore, directly monitored by the management team which comprises Mr. Henrique and his brother.

### **4.8.3 Micro level of analysis: Mr. Henrique.**

#### *4.8.3.1 Social Identity.*

Mr. Henrique attributes his expertise to his trajectory in the family business: “I started working with my father in the (...) industry, my father had a [business in the same industry] and he also had another firm linked to import and export in this field”. After some time, Mr. Henrique started his own business: “I already had the know-how, I already had the experience from when I was working with my father. Since childhood I remember dealing with [this business]”.

In addition, Mr. Henrique also defines himself through his academic record from a young age.

#### *4.8.3.2 Goals.*

Mr. Henrique is more explicit in relation to the company's objectives and he posits:

“what we're wanting to do right now is increasingly focus on exports, try to reach more countries and target customers outside of Portugal and we will invest this year on diversification, that is, (...). Since the Portuguese market, as I said, is a very small market and we think that, given this situation, to evolve and grow, we have to diversify. This is achievable through diversification and a focus on exports.”

#### **4.8.4 Value cocreation with service providers.**

##### *4.8.4.1 Service providers.*

In order to form value propositions, H&Firm needs operand resources from service providers. Operand resources needed are standard, technology-based resources.

Value cocreation between H&Firm and its service providers requires high levels of knowledge exchange and long and intense interaction periods between the parties.

Nowadays, H&Firm has between 50 and 60 business related service providers and “35% [of them] are European and the rest are from outside Europe, from every continent except Africa and part of Russia and Ukraine because they cannot export virtually anything”. This group of service providers has remained stable over time since

“we have a strong relationship with our partners. It takes a long time to create these bonds of friendship, it is not only the business part... it is not our way of life: there are certain partners who are our friends, in short, house guests. We invite them to come here, they also invite us to go over and this allows for a unique and unbreakable relationship that transcends business”.

In H&Firm the relationship with service providers is managed by a specific employee.



#### *4.8.4.2 Service providers' selection.*

What Mr. Henrique values the most is “the quality” of resources. In order to ensure this feature, “before starting to do whatever it is with any provider, we always ask for samples, the product comes, we test it with qualified people to be sure of what we are selling. This is critical!”

Mr. Henrique also mentions the importance of the operand resource's price: “within what are quality standards that we intend to follow, lowering the prices as much as possible because only then we can enter the market and be competitive.”

In addition, a third criterion is mentioned: “then comes the part that has to do with the perception that the person may be trustworthy, hardworking, who will support us (...) if there is a problem”. In case of no previous experience with the provider, this perception is based on references, since “references are key, with a new product and a new provider”.

Finally, Mr. Henrique also mentions “at the logistical level, [the provider] also has to work quickly”.

#### *4.8.4.3 Decision-maker's action in troubleshooting situations.*

Mr. Henrique is called to deal with specific situations like “faulty pieces, when new material arrives and ... the piece is broken” or situations where

“We started getting warranty claims and assisting [our beneficiaries] is required.

We started to notice that, when we sent it there [sent the complaint report to the

provider], it always came refused. Often, the technical report they sent us did not add up right. We started to think that the partner was not credible and did not support us as it should”.

In the above situation, when the problem occurs during transportation, the transport insurance is triggered. On the other hand, when H&Firm is dealing with non-conformity of the resource, Mr Henrique acts by

“saying – Attention! It [the resource] goes back, you [the provider] must do the analysis of the piece and see if there is warranty or not. If there is no warranty, I want a report describing why is it refused because it is something that I also have to report to my beneficiary... but I always try to get an understanding.”

In the latter situation, problem solving schema is quite different:

“I ordered stopping all purchases immediately until we resolve this issue. [In the aforementioned situation] we have failed to solve it, they were not open [to an agreement] and they did not assume certain things... We had to continue with the old partners, buying a little more expensive but knowing that the quality is better. This led to a break with this provider.”

## **4.9 Ecosystem I**

### **4.9.1 Macro level of analysis: organizational-field I.**

#### *4.9.1.1 Relevant practices.*

I&Firm and E&Firm are competitors. The description of organizational-field E practices (subsection 4.5.1) is common to both cases.

### **4.9.2 Meso level of analysis: I&Firm.**

#### *4.9.2.1 Identity.*

I&Firm was founded in 1992 by three partners in order to “produce [an operand resource] with quality standards that meet customer needs”.

I&Firm “aims to be a solid firm and a reference in its activity, (...). Customers are the firm’s primary concern and the reason to focus in their needs (...)”.

#### *4.9.2.2 Practices.*

I&Firm offers an operand resource-based value propositions and its beneficiaries are mostly from Portugal, Spain, France and Switzerland.

The firm started with 15 employees and today it has about 55. In 2003, the firm began working with foreign beneficiaries and has been adapting its practices to respond to beneficiaries’ expectations.

I&Firm is organized by areas (e.g. “production area”) and each of the three partners is responsible for an area. The production area includes an “innovation” team.

#### **4.9.3 Micro level of analysis: Mr. Inácio.**

##### *4.9.3.1 Social Identity.*

Mr. Inácio is one of the firm’s founders and he is responsible for the financial and commercial issues which includes dealing with service providers.

Mr. Inácio presents himself, in a very detailed manner, as someone who gave up a professional career to be close to his family and support them:

“...and in those days I was there I thought about a lot of things: (...) I thought my life would always be away from home and I had an offer [from Mr. Inácio’s brother] because my brother was building a plant of this kind [I&Firm’s kind] and he needed someone to the office...”.

During his story telling, Mr. Inácio highlighted how he started and successfully managed an entrepreneurial career.

##### *4.9.3.2 Goals.*

Concerning Mr. Inácio’s future,

“The future is for me to leave [I&Firm] but I do not want [I&Firm] to end, I want it to grow but I do not see it for my children who never had an interest in it,

they are in other [professional] areas. I wanted this to continue and in 10 years, if I get there, I will ask: -How much is it [Mr. Inácio's share of the firm] worth? It is worth x. I want to feel that it continues with the people who really did a lot for this [firm]”.

#### **4.9.4 Value cocreation with service providers.**

##### *4.9.4.1 Service providers.*

Resource exchange between I&Firm and its service providers involves a multiplicity of operand resources. Operand resources needed are mostly standard and low-technology based resources. However, in some cases, those resources can also be customized according to I&Firm's specifications.

I&Firm has about 300 providers, mostly from Portugal but also from other European countries, “but there are those that are regulars”. Resource integration requires moderate levels of knowledge exchange and frequent interaction periods.

I&Firm has a specific employee for managing the relationship with service providers.

##### *4.9.4.2 Service providers' selection.*

For Mr. Inácio, the best provider is the one that “has a quick and efficient response” and

“if we need a warrant, they are available to assume that warrant... We have to provide a guarantee to our beneficiaries and sometimes problems occur. The

optimal provider is the one that is open even to dubious situations where we need to work with a client (...) and we have several [providers] like that!”

As a result, “when we are dealing with normal products we have the usual supplier with whom we have already previously agreed on prices; it is always the same supplier.”

#### *4.9.4.3 Decision-maker’s action in troubleshooting situations.*

Mr. Inácio has difficulties in identifying troubleshooting situations with service providers since “We have very regular and stable providers and there have been no major problems so ... If there is a mistake, this or that is immediately corrected. We have a good relationship with providers.”

Nevertheless, Mr. Inácio points out “We had a situation with a Spanish provider who delivered equipment two months late and we had serious problems afterwards”. The situation was resolved when “I finally threatened with a court [action]”.

## **4.10 Ecosystem J**

### **4.10.1 Macro level of analysis: organizational-field J.**

#### *4.10.1.1 Relevant practices.*

Like I&Firm, also J&Firm and E&Firm are competitors. The description of organizational-field E practices (see subsection 4.5.1) is also common to this case.

### **4.10.2 Meso level of analysis: J&Firm.**

#### *4.10.2.1 Identity.*

J&Firm was founded in 1967 but it was not until 1980 that the firm became dedicated to its current activity which involves “the production of all types of [an operand resource]”, through “the most modern technologies and manufacturing processes”.

Nowadays, J&Firm “calls itself the leader in this market segment [in which it operates]”.

In the future, it expects to be “a firm in constant development and always looking for the best solutions to meet their beneficiaries' expectations”.

#### *4.10.2.2 Practices.*

J&Firm offers operand resource-based value propositions and its beneficiaries are from Portugal, Spain, France, Sweden, Middle East and the African Continent.

In 2004, the firm began working with foreign beneficiaries and has been adapting its practices to respond to beneficiaries' expectations. In order to do this, the firm has "created a technical design department".

J&Firm has 70 employees organized by areas. Each area is managed by each one of the three founder's descendants.

#### **4.10.3 Micro level of analysis: Mr. João.**

##### *4.10.3.1 Social Identity.*

Mr. João has been responsible for dealing with J&Firm's service providers for 2 years. He presents himself by recourse to the roles he played in previous firms during his professional career:

"I came across J&Firm because I worked for a [J&Firm's] provider and during a conversation with the [J&Firm's] General Director of that time, he made me an offer which I accepted because there was a project [running at the J&Firm's] of process restructuring and inventory management. My previous experience was in the purchasing area of an international group that helped me think otherwise..."

##### *4.10.3.2 Goals.*

Mr. João's goals in J&Firm involve optimizing the roles for which he is responsible: "Is lacking a [person that fulfils a specific role] because I am accumulating [with his main role in the firm]".



#### **4.10.4 Value cocreation with service providers.**

##### *4.10.4.1 Service providers.*

As with I&Firm, resource exchange between J&Firm and its service providers involve a multiplicity of operand resources. Operand resources needed are mostly standard and low-technology based resources. However, in some cases, those resources can also be customized according to J&Firm's specifications.

J&Firm has more than 120 providers from all over Europe, however, the main ones have remained the same over time. Resource integration requires moderate levels of knowledge exchange and frequent interaction periods.

##### *4.10.4.2 Service providers' selection.*

Mr. João expects flexibility from his providers for two kinds of reasons: first, "in the company, it is important the payment terms. Today, we try to choose suppliers who give us wide a [payment] condition because the manufacturing process takes so much time and sometimes we pay first and only then do we get paid and this time gap is sometimes difficult to manage". Second, "there has to be common sense (...) This has been the case with our providers".

When it comes to new providers, "there are always new [providers] because a particular [new resource is needed] ... In those cases it is important that providers have available stock, to have a good price ...."

Yet,

“we know that nowadays stocks are always at the lowest level possible and we understand as no one is waiting for an order to appear out of the blue nor simultaneous orders [at the same time] and then there is not enough stock. We understand that.”

Mr. João concludes: “there is always a good relationship with suppliers and we appreciate. They realize this and they also appreciate us”.

#### *4.10.4.3 Decision-maker's action in troubleshooting situations.*

Regarding problematic situations, Mr. João mentions: “Sometimes one or another small shift of products [happens] ...”. In these situations, “we have to go to the provider's facilities to get the [resource] and sometimes we have to resort to another provider... Cancel the [existing] order and find another [provider]”.

## **4.11 Ecosystem L**

### **4.11.1 Macro level of analysis: organizational-field L.**

#### *4.11.1.1 Relevant practices.*

L&Firm's industry offers operant resource propositions embedded in operand resources.

L&Firm's competitors are few, long established, large firms that have grown through the acquisition of other firms. These firms operate at a global scale and technology is a critical component in service provision to them.

The service ecosystem is complex, involving local and national intermediaries and the service beneficiaries are specific organizations that value price. As with service providers, also the service beneficiaries have been decreasing over time.

### **4.11.2 Meso level of analysis: L&Firm.**

#### *4.11.2.1 Identity.*

L&Firm began its business in 2014 with the purpose of providing a service to a specific group of beneficiaries. Its activity unfolds around a particular technology.

In the future, L&Firm wants to increase sales "in the markets identified as priority markets".

#### *4.11.2.2 Practices.*

L&Firm offers technology and knowledge-based value propositions to specific organizational beneficiaries in Portugal, Spain, Brazil, France and Croatia. What distinguishes the firm from its competition are those operant resources that are integrated in service provision.

The relationships with the beneficiaries require high knowledge exchange and long interaction periods and intermediaries are used in foreign countries.

This firm has four employees and is managed by one of 8 partners. Among the partners there are service providers and service beneficiaries.

### **4.11.3 Micro level of analysis: Mr. Luís.**

#### *4.11.3.1 Social Identity.*

Mr. Luís is one of the firm's partners, the only one who is entirely dedicated to L&Firm. He is the firm's manager.

Mr. Luís presents himself as a successful entrepreneur “always related to technology”, through the description of his life after graduation, how he start several business, sold some and maintained others.

#### *4.11.3.2 Goals.*

As L&Firm manager, Mr. Luís identifies himself with the objectives set out for the firm. As an entrepreneur, Mr. Luís thinks “that in ten years, [L&Firm] will be bought by one of the large [firms operating in the service ecosystem]”.

### **4.11.4 Value cocreation with service providers.**

#### *4.11.4.1 Service providers.*

In order to form value propositions, L&Firm needs operand and operant resources from service providers. Operand resources needed are standard, technology-based resources and operant resources are knowledge-based resources.

Value cocreation between L&Firm and its service providers requires high levels of knowledge exchange and long and intense interaction periods between the parties.

Nowadays, L&Firm has about 5 providers of operant resources, whose individuals received the necessary training from L&Firm and 5 other providers that integrate operand resources. Two of the latter providers are also L&Firm partners.

#### *4.11.4.2 Service providers' selection.*

Mr. Luís values the longterm relationships he has, some of them, since he started his professional life: “It has to do with the relationship. There are people who do not understand how a relationship works... but it works!”

He chooses providers based on their “likelihood of either disappearing or remaining in the market” as he is concerned with their “continuity, always. Regardless of price.”

The existing relationships with providers resulted from “I have been working with several [providers] and I have been eliminating some from the provider’s list and keeping others, i.e., they comply or they do not comply with what they commit themselves to regarding the price level, delivery times...”

Therefore, the L&Firm providers are those that Mr. Luís “can trust” as they behave like Mr. Luís behaves with beneficiaries: “ [the beneficiaries] know I always deliver, they know that if there are problems, there is someone to solve them” and “I’m not here just for the boring stuff, I’m here for good and for evil”.

Concerning the provider’s monitoring, “We do not make an objective assessment of providers, we are not doing that, but as the firm is small this is made informally”.

#### *4.11.4.3 Decision-maker’s action in troubleshooting situations.*

Although Mr. Luís does not identify major troubleshooting situations with service providers, he points out that, occasionally, delays happen. In those situations,

“it does not cause an awkward situation because we are already counting on these delays because the problem today is that no one has stocks. So, when we place an order we have to count on, imagine they say five days, I consider fifteen”.

In addition, regarding the provider causing the delay, “what is more likely is that next time, he is not even heard”.

## **4.12 Ecosystem M**

### **4.12.1 Macro level of analysis: organizational-field M.**

#### *4.12.1.1 Relevant practices.*

M&Firm's industry offers operant resources based propositions. In some occasions, propositions can also involve operand resources. Some players operate at a global scale while others operate at a national level. Those operating at a global scale often integrate resources with local distributors. Smaller players arise and disappear often quickly.

Technology is a critical component in service provision in this industry whose beneficiaries are heterogeneous organizations from all over the world. There are beneficiaries who are looking specifically for this service but it is frequent that this service is part of a larger service. In these latter situations, those firms providing the larger service are an important partner.

### **4.12.2 Meso level of analysis: M&Firm.**

#### *4.12.2.1 Identity.*

M&Firm was founded in 2001. In 2008, the major shareholder sold a large part of his shares to a Portuguese firm and left the firm's board.

Nowadays, M&Firm is presented as “an integrator of global solutions in [a specific service], customizable and adaptable to customers (...)”.

The firm is pursuing new geographical markets, on the one hand, and the diversification of its service proposals on the other.

#### *4.12.2.2 Practices.*

M&Firm offers customized, technology and knowledge-based value propositions to heterogeneous organizational beneficiaries. These propositions typically require high levels of knowledge exchange and long interaction periods between the firm and the service beneficiary. These service beneficiaries have, until now, been almost exclusively Portuguese firms and a few service beneficiaries in African countries where the service involved intermediaries.

In addition, the firm is preparing a customized, technology and knowledge-based value propositions to specific organizational service beneficiaries.

J&Firm has 10 employees organized by areas. The firm is managed by an executive director, yet, the major shareholder provides her the “guidelines” to follow.

### **4.12.3 Micro level of analysis: Mrs Maria.**

#### *4.12.3.1 Social Identity.*

Mrs Maria is the executive director responsible for several areas including the one where the relationship with service providers is managed.



Mrs Maria started her carrier 10 years ago in M&Firm's industry after graduating and she is working at the firm for 8 years. Although she values her academic record, Mrs Maria is even more proud of her progression within the firms where she worked.

#### *4.12.3.2 Goals.*

From all the goals established for the firm, she assigns greater importance to the diversification of the service's proposals as it will allow the firm "to be known" and grow.

#### **4.12.4 Value cocreation with service providers.**

##### *4.12.4.1 Service providers.*

In order to form value propositions, M&Firm needs operand and operant resources from service providers. Operand resources needed are standard, technology-based resources and operant resources are knowledge-based resources.

Value cocreation between M&Firm and its service providers requires some levels of knowledge exchange and moderated interaction periods between the parties.

##### *4.12.4.2 Service providers' selection.*

Mrs Maria assigns great importance to meeting delivery dates agreed as she wants to avoid "Problems like – It [the operand resource] is there tomorrow! - and it was not. These are commitment problems!".

The importance of price is also mentioned, yet, she also thinks that “I do not mind paying a bit more as long as the provider shows interest and gets involved in the business“.

While Mrs Maria asserts “I always want a win-win relationship [with the providers]”, she also recognizes that mutuality in relationships with service providers “usually does not happen because the partner wants to win its [money], as much as possible, and we also want to minimize the cost [of the service]”.

In addition, Mrs Maria mentions the importance of information exchange between the firm and the provider: “If I am hiring a service to another firm that firm has to give me some feedback regarding how is this service going or if something unexpected occurred because they are representing the M&Firm”.

Finally, concerning to a particular resource integrated by an exclusive service provider, Mrs Maria relies also on the fact that the provider should be “the leaders of the industry, at a global scale”.

#### *4.12.4.3 Decision-maker's action in troubleshooting situations.*

Mrs Maria identifies two troubleshooting situations concerning service providers: First, “the equipment came defective, they [the provider] had no stock and we could not respond to the beneficiary. This is a very problematic situation and we do not have equivalent equipment provider”. Second, “service providers do not appear in the [place where the resource integration should occur]”.

The former situation is handled through

We complained near the provider and he said he needed four weeks [to replace the operand resource]. [Mrs Maria reacts] – It can't be four weeks! You have to consider the possibility of unexpected situations! – [The service provider] managed to put here the [operand resource] in 2 weeks, I was able to put pressure on the provider...

The latter situation may have two different solutions: on one hand,

The [particular service provider who created the situation], I stopped working with him. It was simple because he did the same thing twice. I even tried to give him a second [chance], he did it again so I stopped working [with the firm].

On the other hand,

The [different service provider who created the same situation] actually had a problem but he did not report it to me and I could not communicate to my beneficiary. Until now, he is working well. Let's see... if he continued to misbehave I would also cease to work with him.

## **Chapter 5 – Data Analysis**

The data analysis chapter is divided into three sections. The first one entails a more descriptive nature as it characterizes the institutional logics found in all cases, at each level of analysis of the ecosystems studied, which are also the main (i.e., the individual actor) and the embedded (i.e., the organizational field and the firm) units of analysis. Findings emerging from this section are central in explaining the phenomena approached. Additional data collected is provided in comparative tables in order to substantiate the analysis. The second section presents, in detail, a summary and analysis of the phenomena under scrutiny through a cross-case analysis. This section is organized according to the research key themes. Main conclusions are elicited by comparing the empirical findings with the conceptual framework and rival explanations, when necessary. A third section presents the empirical framework arising from previous analyses.

### **5.1 Variable-oriented analysis**

#### **5.1.1 Institutional logics at the organizational-field level.**

Institutional logics are present in organizational-field shared practices (Friedland & Alford, 1991; Scott, 2013; Thornton et al., 2012; Thornton & Ocasio, 2008). Each organizational field has a “common meaning system” since embedded organizations

interact more frequently with one another than with organizations outside the field (Scott, 2013).

Stakeholders exerting significant influence in each studied organizational-field are characterized in tables 17, 18 and 19.

Table 17 – Industries characterization

Case	Number	Dimension	Competition scale
A	Small number	Large firms	Global scale (most of them)
B	Large number	Large firms Small firms	Global scale
C	Large number	Large firms Small firms	Global scale
D	Small number	Large firms	Global scale (most of them)
E	Moderate number	Small firms Medium firms	Global scale
F	Small number	Medium firms Large firms	National scale
G	Large number	Micro firms Small firms	Local scale
H	Large number	Small firms Large firms	Global scale
I	Moderate number	Small firms Medium firms	Global scale
J	Moderate number	Small firms Medium firms	Global scale
L	Small number	Large firms	Global scale
M	Small number	Small firms Large firms	Small firms operate at a national scale Large firms operate at a global scale

*Note* . Small number: less than 10 players at the competition scale; moderate number: between 10 and 25 players at the competition scale; large number: more than 25 players at the competition scale.

Micro firms: less than 10 employees; Small firms: between 10 and 49 employees; Medium firms: between 50 and 249 employees; Large firms: more than 250 employees (Portuguese Labour Code, Lei nº 7/2009, artº 100)

Market logic, as anticipated, is present in industries of the 12 cases studied since all the firms are exchanging resources with stakeholders with the aim of obtaining economic surplus (Friedland & Alford, 1991; Greenwood et al., 2010; Thornton & Ocasio, 2008). Moreover, in some cases, the market logic assumes a prominent role over other institutional logics. This prominence is felt in industries as the ones depicted in organizational fields B, C, E, H, I, J and M, where many and often small competitors operate and the service's price is a way to differentiate themselves from the competition and to stand out in the eyes of the beneficiaries (Ferreira et al., 2015; Pache & Santos, 2013; Thornton et al., 2012).

On the contrary, the corporation logic is deeply present in industries dominated by large firms that often resort to mergers and acquisitions to change the industry's balance (Fligstein & Freeland, 1995; Thornton et al., 2012), as with organizational fields A, D, F and L.

Profession logic is strongly rooted in organizational fields A and G, albeit in distinct ways. On one hand, in the former case, it appears in the form of normative pressures to procedures' certification arising from the industry itself. As a result, firms in the industry are focused not only on maximizing resources exchange but also on exchanging resources in a legitimized way (Thornton et al., 2012; Zucker, 1987). On the other hand, in the latter case, profession logic arises from the widespread authority of a specific profession, whose expertise is indispensable to propose a service (Jones et al., 2012; Thornton & Ocasio, 2008). Profession logic is also present in organizational fields B and C, albeit the influence exerted is lower.

The Portuguese business community has a significant number of firms arising from a family logic, especially in traditional economic activities (Silva, 2010). This is the case

of the Portuguese industry where E&Firm, I&Firm and J&Firm are embedded, where a significant part of the firms forming the industry are also family-owned and managed. A particular feature of these firms is that the initial motivation for their foundation was to ensure family welfare (Friedland & Alford, 1991).

In organizational fields B and G two forms of community logic were found: online community logic and geographical community logic, respectively. Online community logic is in the origin of B&Firm's industry since the prominent players in the industry operate with open-source technologies where service beneficiaries are also actively involved in resources integration in order to improve service (Marquis, Lounsbury, & Greenwood, 2011). In turn, since G&Firm's industry operate at a local scale, firms within the industry often establish a specific bond to the local community (Marquis et al., 2011; Thornton et al., 2012).

The state logic also exerts its influence in two industries studied here, albeit from different sources: while D&Firms's industry is highly regulated by the European Commission through formal rules involving not only the operand resources but also significant part of the firms' procedures, the activity of the H&Firm's industry is simultaneously restricted by national policies and laws and enabled by opportunities emerging from differences between those national policies and laws (Thornton et al., 2012; Tilcsik, 2010).

Table 18 – Service beneficiaries’ characterization

Case	Number	Type	Frequency of exchange	Origin
A	Large number	Organizations	From episodic to permanent	Portugal (mostly)
B	Small number	Organizations	From frequent to permanent	England, Angola, Mozambique and Portugal
C	Small number	Organizations	From episodic to permanent	Europe, Middle East, North America and Asia
D	Small number	Organizations	From episodic to frequent	Portugal (mostly)
E	Large number	Organizations	Episodic	Portugal (mostly)
F	Large number	Organizations and individuals	Episodic	Portugal
G	Small number	Individuals	Episodic	Specific city in Portugal
H	Large number	Organizations	From episodic to frequent	Europe, Asia, America
I	Moderate number	Organizations	Episodic	Portugal, Spain, France and Switzerland
J	Moderate number	Organizations	Episodic	Portugal, Spain, France, Sweden, Middle East and some African countries
L	Small number	Organizations	From frequent to permanent	Portugal, Spain, Brazil, France and Croatia
M	Moderate number	Organizations	Episodic	Portugal (mostly)

*Note* . Small number: less than 50 beneficiaries; moderate number: between 50 beneficiaries and 500 beneficiaries; large number: more than 500 beneficiaries.

Episodic: less than three resources exchange moments per year per service beneficiary; Frequent: between three and eleven resources exchange moments per year per service beneficiary; Permanent: more than eleven resources exchange moments per year per service beneficiary.

The large part of the beneficiaries of the industries studied are organizations with an economic purpose - the exceptions are identified in table 18 – and an inherent market logic (Thornton, 2002; Tilcsik, 2010).

However, a professional logic is gaining ground among the observed logics while beneficiaries of some services are increasingly looking for additional professional



expertise to integrate into their service proposals (Binder, 2007; Ferreira et al., 2015; Thornton, 2002). This is the case of the beneficiaries of A&Firm's industry whose procedure certification arising from the industry is often used by these beneficiaries as a criterion to choose their service providers. This is also the case of the beneficiaries of the industry where E&Firm, I&Firm and J&Firm are embedded, particularly the foreign ones, which value additional professional expertise. Finally, also the individual beneficiaries of the G&Firm's industry choose their service beneficiaries based, primarily, on professional affiliation.

The set of rules governing D&Firms's industry encompasses the interaction processes with service beneficiaries. In other words, service beneficiaries also have to follow constraining rules in order to cocreate value (Ferreira et al., 2015; Friedland & Alford, 1991; Greenwood et al., 2010).

As already mentioned, a significant part of the service beneficiaries from B&Firm's industry are committed to a community logic wherein they are simultaneously resource integrators and service beneficiaries (Almandoz, 2012; Marquis et al., 2011).

Table 19 – Service providers’ characterization

Case	Number	Frequency of exchange	Origin
A	Small number	Permanent	Portugal (mostly)
B	Small number	From frequent to permanent	Portugal, Netherlands and France
C	(not available)	Episodic	Europe and North America (mostly)
D	Small number	Permanent	Europe
E	Moderate number	Frequent	Portugal (mostly)
F	Large number	From episodic to frequent	France, Germany, USA, China, Japan, Spain and Portugal
G	Small number	Episodic	Portugal
H	Moderate number	From frequent to permanent	Europe, Asia and America
I	Large number	From episodic to frequent	Europe
J	Large number	From episodic to frequent	Europe
L	Small number	From frequent to permanent	Portugal (mostly)
M	Moderate number	Frequent	Europe

*Note* . Small number: less than 10 providers; moderate number: between 10 providers and 100 providers; large number: more than 100 providers.

Episodic: less than three resources exchange moments per year per service provider; Frequent: between three and eleven resources exchange moments per year per service provider; Permanent: more than eleven resources exchange moments per year per service provider.

Similar to what happens with service beneficiaries, the relationships with service providers are generally guided by a market logic (Pache & Santos, 2013; Thornton & Ocasio, 1999). However, normative pressures to procedure certification present in A&Firm's industry are progressively spreading to pressures from industry's firms to their providers just like the professional logic that lies behind it (Thornton, 2002). Also, the exchange of resources between the industry where D&Firm is embedded and its providers are constrained by the state logic's dominance since those rules are also applied to the industry's providers, as with industry's beneficiaries. Similarly, the state logic felt in H&Firm's industry precludes the resources' exchange with providers from specific countries and limits or implies different procedures with others (Greenwood et al., 2010; Thornton & Ocasio, 2008). Table 20 summarizes the institutional logics found in each organizational field.

Table 20 – Institutional logics presence across organizational fields

Organizational fields	Institutional logics					
	Family	Community	State	Market	Profession	Corporation
A				✓	✓ ✓	✓
B		✓		✓	✓	
C				✓ ✓	✓	
D			✓ ✓	✓		✓
E	✓			✓ ✓	✓	
F				✓		✓
G		✓		✓	✓ ✓	
H			✓	✓ ✓		
I	✓			✓ ✓	✓	
J	✓			✓ ✓	✓	
L				✓		✓
M				✓ ✓		

Note . ✓ institutional logic present; ✓✓ dominant institutional logic

### 5.1.2 Institutional logics at the firm level.

As described, all firms studied in the current research operate within organizational fields characterized by plural institutional logics. Pache and Santos (2013) point out that in these complex ecosystems, firms tend to progressively embody the field's logics prescribing “what constitutes legitimate behaviour” and providing “taken-for-granted conceptions of what goals are appropriate and what means are legitimate to achieve

these goals” (Pache & Santos, 2013, p. 973). As a result, what we observe is that firms embody the main logics of their organizational field which makes them hybrid organizations (Greenwood et al., 2011; A.-C. Pache & Santos, 2013; Seo & Creed, 2002). This adaptation of the firms to their ecosystems is a demonstration of the firm’s isomorphism (Meyer & Rowan, 1977). Some of the characteristics of the studied firms, detailed in chapter 4, are presented in a comparative form depicted in table 21.

Table 21 – Firm’s characterization

Case	Age	Number of employees	Yearly turnover (euros)	Ownership and management
A	2 <sup>(1)</sup>	[250, 500[	[50.000.000, 100.000.000[	non familiar
B	11	[0, 10[	[0, 1.000.000[	non familiar
C	5	[10, 50[	[1.000.000, 5.000.000[	non familiar
D	11 <sup>(2)</sup>	[50, 250[	[5.000.000, 25.000.000[	non familiar
E	38	[10, 50[	[0, 1.000.000[	familiar
F	43	[250, 500[	[5.000.000, 25.000.000[	familiar
G	40	[0, 10[	[0, 1.000.000[	familiar
H	12	[10, 50[	[5.000.000, 25.000.000[	familiar
I	24	[50, 250[	[1.000.000, 5.000.000[	non familiar
J	50	[50, 250[	[1.000.000, 5.000.000[	familiar
L	2	[0, 10[	[0, 1.000.000[	non familiar
M	14	[10, 50[	[1.000.000, 5.000.000[	non familiar

*Note.* The "number of employees" classification follows the Portuguese Labour Code, Lei n° 7/2009, art° 100

(1) The foundation date considered was the merger date. The founding firms was both more than 30 years old before the merger (see subsection 4.1.2)

(2) The foundation date considered was the splitting up date of the original firm which operated as a single firm for more than 30 years (see subsection 4.4.2)

The institutional logics found together in almost every firm within the current research are the market logic and the profession logic. This combination of logics is frequently described in the literature (cf. Pache & Santos, 2013; Thornton & Ocasio, 1999) as complementary: while firms have the central goal of achieving profit (i.e. market logic), they all share the belief, albeit to differing degrees, that firms need to differentiate themselves from competitors in order to survive. This differentiation is achieved through what is often termed by decision-makers as service’s “quality”, which is, in

turn, attained through managerial and technical expertise (i.e. professional logic) (Pache & Santos, 2013).

The concern for profit is particularly intense at B&Firm, C&Firm, F&Firm, H&Firm, L&Firm and M&Firm. Moreover, the importance given to professional expertise also varies among firms. In other words, this duality of logics is present in all the firms albeit not equitably between the two logics. Furthermore, each firm presents a particular combination of these logics' duality.

The corporation logic was also frequently found amongst the firms studied. As expected, large firms as A&Firm and F&Firm, are affected by a corporation logic (Fligstein, 1985, 1987). However, D&Firm, which is a medium sized firm, is also affected by the corporation logic. The explanation for the prevalence of this logic in D&Firm is threefold: first, the corporation logic is also present at the firm's field; second, the firm's history as part of a larger organization where the corporation logic was present left repertoires that remained until today and; third, the corporation logic can possibly be present in the firm's group practices. Still, contrary to Fligstein's (1985, 1987) conception of corporation logic which is closely related to large firms owning complex and bureaucratic structures, we also find a corporation logic in E&Firm. This firm's field is not influenced by the corporation logic as discussed in subsection 5.1.1 which lead us to one interesting finding: some logics supporting firms' identities and practices may not be driven by the main logics of the organization's field. This phenomenon is further detailed in subsection 5.2.2.

The family logic drives action in E&Firm, I&Firm and J&Firm, which belong to the same industry. This logic is present at the field level since, in Portugal, a large part of the firms forming the industry are family owned and managed (e.g. Chung & Luo,

2008; Mair, Martí, & Ventresca, 2012). This is also the case of E&Firm and J&Firm. Despite not being the case of I&Firm, the family logics is particularly present in this firm, most likely because the logic is deeply embedded in I&Firm decision-maker's repertoire, as discussed in subsection 5.1.3. In addition, G&Firm is guided by a family logic as well. As with corporate logic in E&Firm, the family logic supporting G&firm's identity do not arise from the main logics of the organization's field. This phenomenon is also detailed in subsection 5.2.2.

At the firm level of analysis, the community logic present in B&Firm's field is also felt in B&Firm's identity. B&Firm's practices demonstrate the community logic albeit a geographical community logic, different from the online community logic found in the firm's field.

A particular form of hybridization occurs when the set of logics guiding a firm are contradictory. As a consequence, practices prescribed by those logics and adopted by the firm may be inconsistent (Pache & Santos, 2013). This is the case of D&Firm, that is defined by Pache and Santos (2013) as a social firm as it combines a social mission with profitability expectations. The empirical insights from D&Firm stress these contradictions reinforced by a relevant matching between shareholders and service beneficiaries of the firm who traditionally have opposite economic goals. Table 22 summarizes the institutional logics found in each firm.

Table 22 - Institutional logics presence across firms

Firms	Institutional logics					
	Family	Community	State	Market	Profession	Corporation
A&Firm				✓	✓	✓
B&Firm		✓		✓	✓	
C&Firm				✓	✓	
D&Firm			✓	✓	✓	✓
E&Firm	✓			✓	✓	✓
F&Firm				✓	✓	✓
G&Firm	✓			✓	✓	
H&Firm				✓	✓	
I&Firm	✓	✓		✓	✓	
J&Firm	✓			✓	✓	
L&Firm				✓	✓	
M&Firm				✓	✓	

*Note* . ✓ institutional logic present; ✓✓ dominant institutional logic

### 5.1.3 Institutional logics at the individual level.

Decision-maker's actions are also prescribed by multiple institutional logics, as already described in previous literature (e.g. Ferreira et al., 2015; Thornton et al., 2012). These individuals are briefly presented in a comparative way in table 23.



Table 23 – Decision-makers' characterization

Case	Age	Gender	Years in the firm	Role in the firm	Identification with firm's goals
A	50-70	Male	2 <sup>(1)</sup>	Executive director	Yes
B	30-50	Male	11	CEO, partner and founder	Ambiguous <sup>(2)</sup>
C	30-50	Male	5	CEO, partner and founder	Yes
D	30-50	Male	25	Executive director	Yes
E	30-50	Male	1	CEO and partner	Yes
F	50-70	Female	27	CEO and partner	Yes
G	30-50	Female	1	CEO and partner	Yes
H	30-50	Male	12	CEO, partner and founder	Yes
I	50-70	Male	24	CEO, partner and founder	Yes
J	30-50	Male	2	Executive director	Yes
L	30-50	Male	2	CEO and partner	No
M	30-50	Female	8	Executive director	Yes

*Note.* High: the individual identifies with the firm without restrictions; moderate: there are restrictions regarding the individual's identification with the firm; low: the individual clearly separate his identity from firm's identity

(1) Mr. António is in A&Firm since it's beginning. Moreover, he worked in one of the founding firms for about 4 years before the merger.

(2) Ambiguity is presented in case description (see subsection 4.2.3)

A group of actors identify themselves with their professional expertise, in most cases demonstrated by graduation courses attendance. This is the case of Mr. Bento, Mr. Eduardo, Mrs. Guiomar and Mr. Henrique. In few cases (Mrs Francisca and Mr. João), expertise was shown through practice, by showing how they successfully progressed in the professional roles played. In the remaining cases, both approaches were taken (e.g. Mr. António, Mr. Duarte and Mrs. Maria).

Conversely, Mr. Inácio and Mr. Luís present themselves as entrepreneurs, albeit with different motivations: while Mr. Inácio shows a familiar logic supporting entrepreneurship, Mr. Luís has a specific for-profit and self-interest motivation. In a different way, Mr. Carlos identifies himself professionally with a specific technology community. A connection to a community ideal exists also in Mr. Bento's case.

The market logic guides goal-making of Mr. Bento, Mr. Carlos, Mrs. Francisca and Mr. Luís for the firms they manage. These actors' difficulty in projecting long-term goals is one expression of this logic. On the contrary, the professional logic prescribing the goals set by Mr. António, Mr. Duarte and Mrs Guiomar, on the one hand, and the corporation logic influencing the objectives defined by Mr. Eduardo, Mr. Henrique, Mr. João and Mrs. Maria, on the other, clearly assume a longer-term perspective over firm goals (Campbell, 2007). Furthermore, the family logic guides Mr. Inácio's goal-setting for his firm, perhaps because he is considering retirement.

A situation of conflicting logics (e.g. Delbridge & Edwards, 2013; Reay & Hinings, 2009; Tracey, Phillips, & Jarvis, 2011) is found in institutional logics behind Mr. Bento's identity and goals: on the one hand, a community logic supporting a commitment to the online community related to his activity but also to the geographical community where he lives and works and on the other hand, a market logic prescribing his business decisions and goals, characterized by a pursue for profit and efficiency and motivated by self-interest. This conflict may be the reason for Mr. Bento's dilemma regarding firm's goals presented in subsection 4.2.3 (Ferreira et al., 2015). Table 24 summarizes the institutional logics found in each actor studied.

Table 24 - Institutional logics presence across actors

Actors	Institutional logics					
	Family	Community	State	Market	Profession	Corporation
Mr. António - identity					✓	✓
Mr. António - goals					✓	
Mr. Bento - identity		✓			✓	
Mr. Bento - goals				✓		
Mr. Carlos - identity		✓				
Mr. Carlos - goals				✓		
Mr. Duarte - identity					✓	✓
Mr. Duarte - goals					✓	
Mr. Eduardo - identity	✓				✓	
Mr. Eduardo - goals						✓
Mrs. Francisca - identity						✓
Mrs. Francisca - goals				✓		
Mrs. Guiomar - identity	✓				✓	
Mrs. Guiomar - goals					✓	
Mr. Henrique - identity	✓				✓	
Mr. Henrique - goals						✓
Mr. Inácio - identity	✓					
Mr. Inácio - goals	✓					
Mr. João - identity						✓
Mr. João - goals						✓
Mr. Luís - identity				✓		
Mr. Luís - goals				✓		
Mrs. Maria - identity					✓	✓
Mrs. Maria - goals						✓

#### **5.1.4 Institutional logics overview from the ecosystem perspective.**

Ecosystems are open, complex, multi-level and porous systems (Chandler & Vargo, 2011; Lusch & Vargo, 2014). Typically, SdL researchers consider that ecosystems have 3 levels of analysis: macro, meso and micro levels (Chandler & Vargo, 2011; Lusch & Vargo, 2014). In this research, each one of these levels stands for organizational field, firm and actor levels, respectively.

Empirical data show that when we approach institutional complexity (Greenwood et al., 2011; Jones et al., 2012; Pache & Santos, 2013; Seo & Creed, 2002) from several level of analysis a broader impact can be assigned to the concept as it extends the intricacy of relationships among logics not only from the same level of analysis, as in the most NiT studies dealing with institutional complexity, but also between logics from different levels of analysis (see table 25). The relationships among the institutional logics in the same ecosystem are discussed in the next section.

Table 25 – Institutional logics present at each ecosystem – overview

Cases	Institutional logics					
	Family	Community	State	Market	Profession	Corporation
Organizational field A				✓	✓ ✓	✓
A&Firm				✓	✓	✓
Mr. António					✓	✓
Organizational field B		✓		✓	✓	
B&Firm		✓		✓ ✓	✓	
Mr. Bento		✓ ✓		✓ ✓	✓	
Organizational field C				✓ ✓	✓	
C&Firm				✓ ✓	✓	
Mr. Carlos		✓		✓ ✓		
Organizational field D			✓ ✓	✓		✓
D&Firm			✓	✓	✓	✓
Mr. Duarte					✓ ✓	✓
Organizational field E	✓			✓ ✓	✓	
E&Firm	✓			✓	✓	✓
Mr. Eduardo	✓			✓	✓	✓
Organizational field F				✓		✓
F&Firm				✓ ✓		✓
Mrs. Francisca				✓		✓
Organizational field G		✓		✓	✓ ✓	
G&Firm	✓			✓	✓	
Mrs. Guiomar	✓				✓	
Organizational field H			✓	✓ ✓		
H&Firm				✓ ✓	✓	
Mr. Henrique	✓				✓	✓
Organizational field I	✓			✓ ✓	✓	
I&Firm	✓ ✓			✓	✓	
Mr. Inácio	✓ ✓					
Organizational field J	✓			✓ ✓	✓	
J&Firm	✓			✓	✓	
Mr. João						✓ ✓
Organizational field L				✓		✓
L&Firm				✓ ✓	✓	
Mr. Luís				✓ ✓		
Organizational field M				✓ ✓		
M&Firm				✓ ✓	✓	
Mrs. Maria					✓	✓ ✓

Note . ✓ institutional logic present; ✓✓ dominant institutional logic

## 5.2 Case-oriented analysis

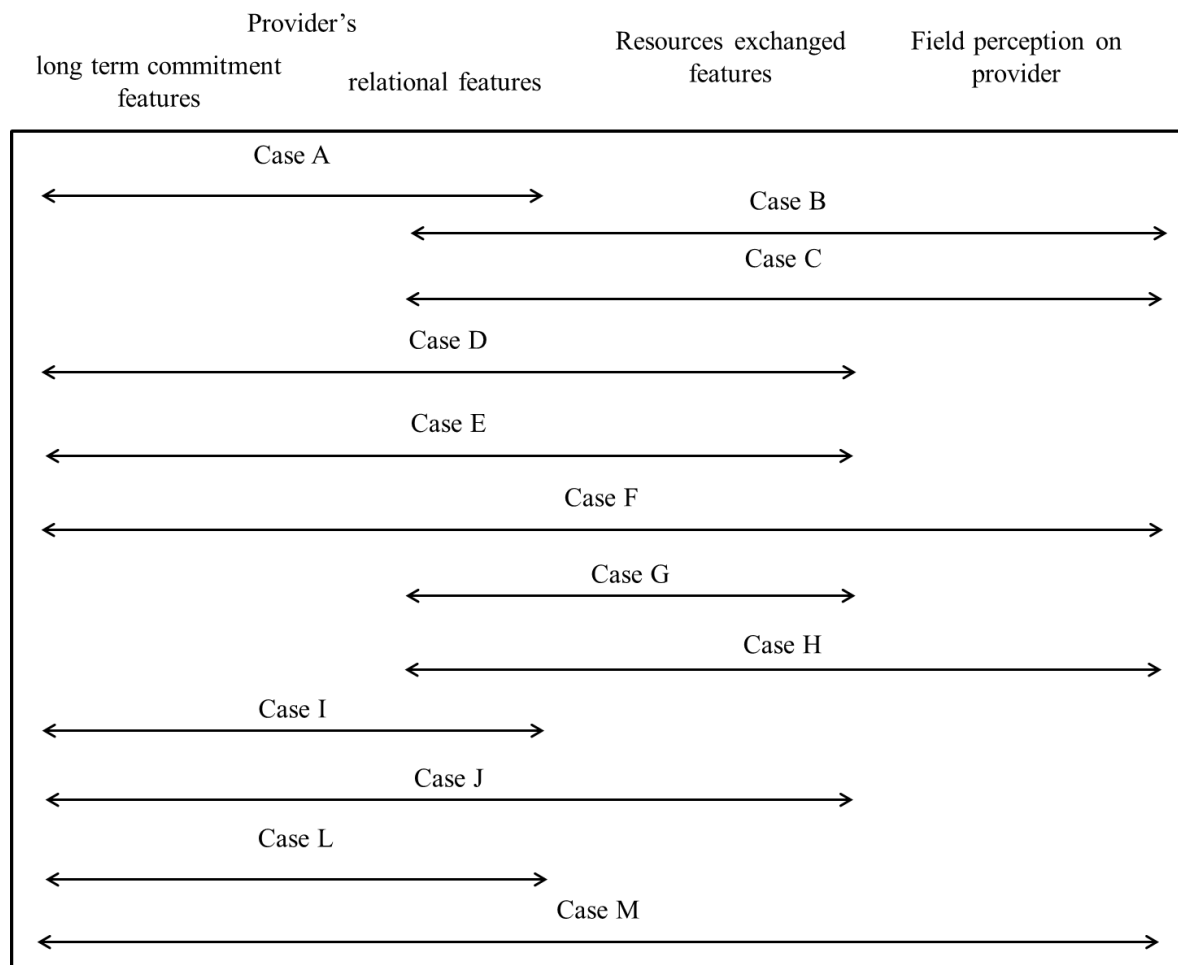
### 5.2.1 Culturally-driven institutions in value cocreation.

Institutions influence the interactions among actors enabling value cocreation ( Akaka et al., 2014). In order to empirically observe how this phenomenon occurs, present research focuses on two interaction experiences of a broader value creation process: selecting service providers and solving problematic episodes with providers. Both interaction experiences are now separately addressed.

#### *5.2.1.1 Selecting providers' experience.*

Departing from Relational Exchange School literature regarding not only the “soft” criteria but also the “hard” criteria used to select service providers, we were able to identify four major concerns held by decision-makers regarding service providers selection: 1) resource exchanged features (e.g. price, adequacy of technical features) ; 2) provider’s relational features (e.g. provider’s ability to solve conflict situations or to exchange information); 3) long term commitment features (e.g. provider’s ability to integrate processes with the firm or to adapt to firm’s idiosyncrasies); and 4) stakeholder’s opinion about the provider. The relationship between these criteria and the cases is shown in figure 15.

Figure 15 – Criteria regarding service providers by case



Comparing criteria used to select service providers in each case with the institutional logics identified in the case we find that all observed criteria find prescription in the logics present in the ecosystem. This insight confirms the influence of institutional logics present in the ecosystem in service providers' selection experience, as broadly supported by SdL and NiT literatures reviewed (e.g. Akaka et al., 2014; Friedland & Alford, 1991; Thornton et al., 2012). In addition, based on the latter insight it could be cautiously argued that institutional logics also affect the evaluation and determination of value that emerges out of the integration and exchange of resources (Akaka et al., 2014)

as those presented criteria could also be used by individuals to assess value emerging from the resource exchange situations.

The conceptual framework of present research (see subsection 2.4.2) considers that firms' logics are constrained by their fields' logics (e.g. Friedland & Alford, 1991; Thornton et al., 2012). Similarly, it also considers that firm's logics limit decision-makers in using their own logics (Pache & Santos, 2010). However, we observe that criteria are prescribed not only by the organizational field logics or the firm logics but also by the decision-makers distinctive logics which contradicts the conceptual framework. For example, the use of criteria regarding long term commitment features is prescribed by Mrs. Maria own logics. These empirical insights are consistent with Inhabited Institutions approach as decision-makers consider institutional logics from all levels of the ecosystem they are embedded in order to decide accordingly (Binder, 2007; Ferreira et al., 2015; Pache & Santos, 2013).

Case L is an apparent exception to the reported findings as the dominant logic in the three studied levels of the ecosystem is the market logic which prescribes orientation to resources exchanged features and does not prescribe the orientation to provider's features, as observed. A possible explanation to this insight is in McPherson and Sauder (2013, pp. 167–168) who advocate that individuals have a “cultural toolkit” (Swidler, 1986) of logics available to use according their “interests, beliefs and preferences”. Yet, that “cultural toolkit” is not necessarily restricted to the logics exerting influence in individuals' ecosystems as institutional logics can be apprehended through social interactions (Hallett & Ventresca, 2006; McPherson & Sauder, 2013). Furthermore, Thornton et al. (2012) assert that socialization and social interactions allow entrepreneurs, which is the case of Mr. Luís, to blend and segregate logics in an



innovative way and the resulting output is new and useful knowledge (Vargo et al., 2015).

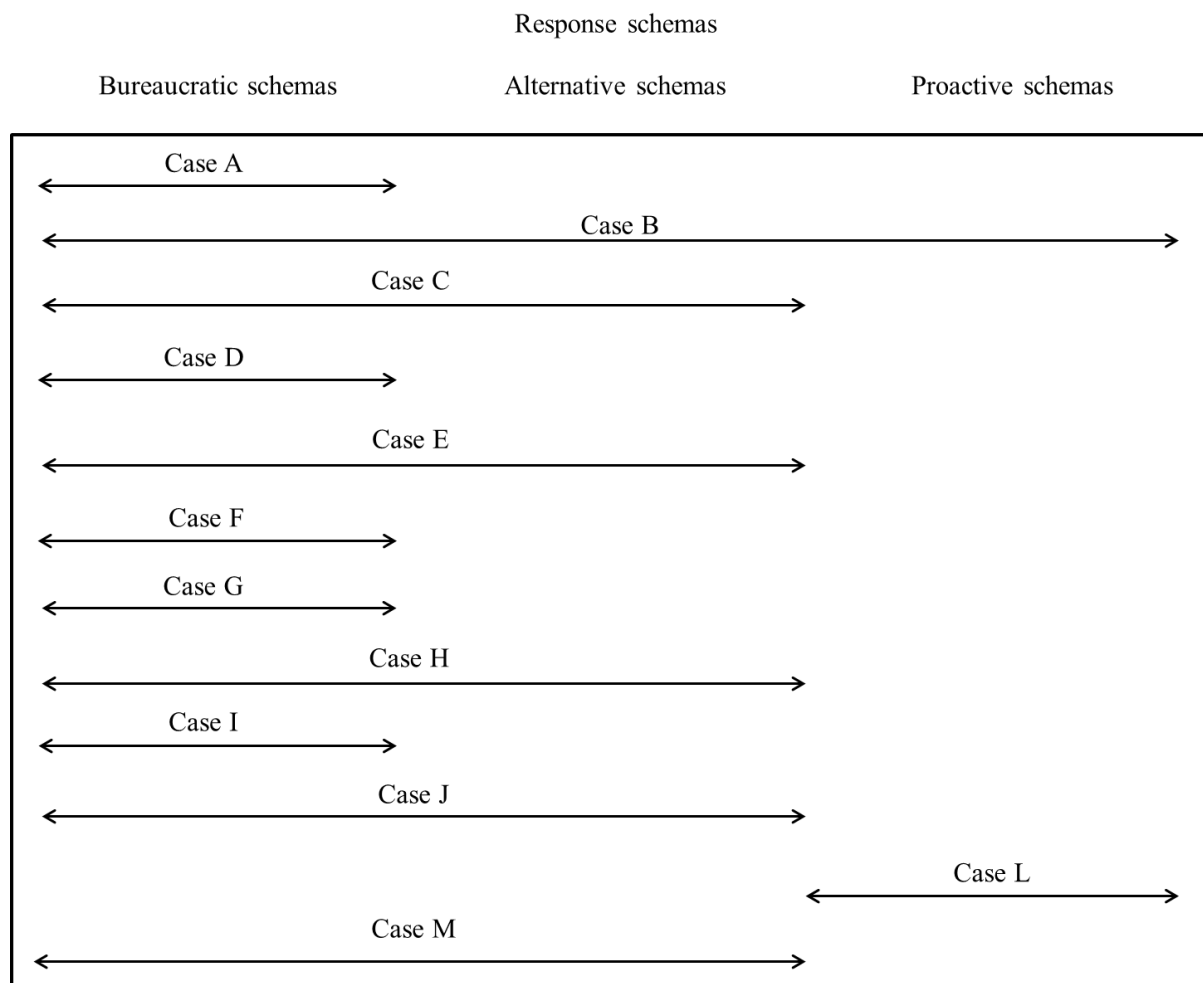
#### *5.2.1.2 Troubleshooting experience.*

Troubleshooting experiences information collected involves the identification of what is a problematic situation with service providers and the subsequent troubleshooting experience. This concern in observing how institutions influence not only the troubleshooting but also the problem identification was suggested by Thornton et al. (2012) who argue that institutional logics guide the allocation of attention by shaping what problems and issues get attended to (see subsection 2.3.3.1). Although the identification of what is a problematic situation varies among decision-makers, we do not find a clear connection between the institutional logics in the ecosystem and the problematic situations identified. This observation is consistent with Ferreira et al. (2015) claim that individuals do not respond to logics. Instead, they use institutional logics to respond to specific situations.

The troubleshooting responses, in the sense proposed by Thornton et al. (2012), were inductively identified from data and we were able to identify three main categories of responses: 1) bureaucratic schemas that vary depending upon the supporting institutional logic (e.g. specific procedures of complaint, exerting bureaucratic authority over providers or switching between alternative providers); 2) alternative schemas, used in alternative or addition to bureaucratic schemas (e.g., change the resource exchanged or abdicating of the exchange) and; 3) proactive schemas, by preventing exchange problems in advance (e.g. monitoring provider's activity or considering possible delays

in advance). The relationship between these schemas and the cases is shown in figure 16.

Figure 16 – Troubleshooting responses by case



Interestingly, we find a relationship between institutional complexity existing in the ecosystem and the number of response schemas adopted by the decision-maker. Specifically, when individual's logics are in conflict with the logics of the firm or the field, individuals tend to use two or even three categories of responses prescribed by

institutional complexity of the ecosystem. Conflict between logics at the individual level broadens the institutional logics available to decision-makers to draw their repertoire of response schemas, contrary to what the conceptual framework anticipated. This insight reinforces previous conclusions that individuals do not limit themselves to dominant logics in the ecosystem (Binder, 2007; Hallett, 2010). Furthermore, individuals use the available logics as tools to provide alternative responses to their problems (Swidler, 1986).

However, cases D, G and L do not fit the relationship found between the institutional complexity of the ecosystem and the number of response schemas, albeit for different reasons. While conflicting logics exist in cases D and G but only bureaucratic responses were identified, in case L there is only one dominant logic – market logic – however the response schema found does not result from that logic's prescription. In the former cases, a plausible explanation is in the pressures exercised by European Commission regulation in case D and by profession's norms in case G which leave no room for any other logic to prescribe a different action (Zucker, 1987). This insight implies that actors are not only capable of identifying the institutional logics in their ecosystem but also are able of assessing the logics' authority.

On the other hand, the misfit between the dominant logics of the ecosystem and the troubleshooting response provided by the decision-maker in case L confirms prior conclusions that individuals are not necessarily restricted to the logics exerting influence in individuals' ecosystems (McPherson & Sauder, 2013), particularly entrepreneurs (Thornton et al., 2012) who use logics in a creative way, as is the case.

### **5.2.2 Individual agency in business ecosystems.**

Based on the literature review, present research considers agency and action as synonyms defining the continuous flow of conduct of the individual (Giddens, 1979). In this perspective of agency, individual's free will is a prominent feature as it implies the individual's capacity to understand what he does and why. This capacity is supported in a mental structure (i.e. social structure), composed of rules and resources, that allows individual to socially interact (Giddens, 1984). Institutional logics are present in individual's social structure and each logic not only preconditions individual's sense making choices but also provides a particular sense of self and a subsequent logic of action (Thornton et al., 2012).

The conceptual framework also considers that firms, as organizations in general, are constrained by dominant institutional logics of the organizational field where they are embedded. This is a NiT assumption based on the seminal work from Meyer and Rowan (1977) which brought about the idea that organizations conform to their field logics in order to survive (i.e. isomorphism). Similarly, apart from a few exceptions (e.g. Pache & Santos, 2010), existing NiT literature assumes that logics guiding individual's action inside an organization are highly constrained by organization's own institutional logics (Pache & Santos, 2010).

Grounded on mainstream NiT literature, the conceptual framework of this thesis considers that there is little or no room for individuals' free will in business contexts as they are restrained by superior level logics of the ecosystem (i.e. firm's logics and organizational field logics). In order to analyse the institutional logics used by decision-makers and their degree of divergence regarding superior level logics, these

relationships were characterized (table 26) based on Pache and Santos' (2010) definition of conflicting logics as those that differ in the goals or in the means used to achieve those goals.

Table 26 - Relationship between decision-makers' logics and higher order logics in the ecosystem

Cases	Relationship between institutional logics at	
	Individual level versus organizational field level	Individual level versus firm level
A	concordant	concordant
B	concordant	concordant
C	concordant	concordant
D	conflicting	conflicting
E	conflicting	concordant
F	concordant	concordant
G	conflicting	concordant
H	conflicting	conflicting
I	concordant	concordant
J	conflicting	conflicting
L	conflicting	concordant
M	conflicting	conflicting

In cases A, B, C, F and I we observe that the dominant logics found are common to the three levels of analysis and the repertoire of logics used by the decision-maker is restricted to those logics, as anticipated by the conceptual framework. Yet, in the

remaining cases, which are the large majority of cases, some kind of conflict between the logics supporting the decision-maker and those supporting the firm or between the decision-maker's logics and the organizational field's logics occurs which presupposes the existence of different logics. Conflicting cases were then divided into two groups according to Pache and Santos' (2010) definition of conflicting logics: a group comprising the cases involving conflict upon means prescribed by different logics (i.e. cases D, E, G, H, J and M) and a second group gathering the cases where divergent goals between the individuals and the firm were found (i.e. case L).

Decision-makers' identities and goals in cases D, E, G, H, J and M are supported in institutional logics that we do not find in the organizational field they are embedded (i.e. profession logic of Mr. Duarte, family logic of Mrs. Guiomar, corporation logic guiding Mr. Eduardo, Mr. João and Mrs Maria and the family and corporation logics of Mr. Henrique). These individual's logics influence the selection of service providers, as already reported, guide action inside the firm (e.g. Mr. Eduardo's initiative of establishing formal work procedures in the firm), give ground for the opposition to other logics (e.g. Mr. Duarte' criticism to the bureaucratic process of approval within the firm's group) and shape social interaction (e.g. Mr. Henrique strategy to exert influence on service providers and beneficiaries through "close friendship"). Furthermore, in some cases, these logics that arise from the micro level of the ecosystem end up being adopted by firms as a consequence of decision-makers' influence inside the firm (cases E and G), as already reported in subsection 5.1.2. Yet, data suggests that the degree of integration of these logics arising from the micro-level in the firm's identity, goals and practices is related with individual's power within the firm (Besharov & Smith, 2014; Greenwood et al., 2011) and inversely related with the

authority of macro-level logics (Greenwood et al., 2011; Zucker, 1987). For example in case D, the dominant organizational field logic is supported in formal rules which limit the scope of action of any other logic, especially micro-level conflicting logics. This is a plausible reason for the discreet use Mr. Duarte makes of the profession logic.

As previously concluded, the existence of conflicting logics with prescriptive power at the micro level of the ecosystem diverges from the conceptual framework and approaches, again, the NiT stream of research arguing that individuals embedded in businesses contexts are not constrained to the dominant logics of the business field. In addition, individuals also make use of their own logics, the ones prescribing their identity and goals (Binder, 2007; Ferreira et al., 2015; Greenwood et al., 2011).

Cases L depicts conflicting logics based on divergent goals between the decision-maker and the firm. While the firm expects to maintain activity and grow, guided by the dominant market logic, Mr. Luis, as entrepreneur also guided by a market logic, wants to sell his share of the firm for the best price. Despite being guided by a self-interest motivation, Mr. Luis' action towards service providers, for example, assumes a long term orientation and entails creative solutions in troubleshooting situations, as detailed in previous subsection. This insight does not fit with the conceptual framework of this research. Nevertheless, it fits the rival idea that in daily activities individuals pick logics and scripts that are most suitable for each situation, considering the audience and personal objectives and preferences, regardless of the logics dominating the ecosystem where they are embedded (e.g. McPherson & Sauder, 2013; Tracey et al., 2011). In addition, NiT literature on entrepreneurs describes how these individuals blend and segregate elemental categories of different institutional orders in an innovative way

(Thornton et al., 2012). This stream of research is also consistent with Swidler's (1986) conception of culture as a toolkit ready to use by individuals.

In a nutshell, how decision-makers' agency unfolds in specific value cocreation experiences was analysed through a systematic comparison between cases and between data and literature. Specifically, based on the analysis of conflicting logics we were able to identify two distinct patterns of structure/agency dualism. On the one hand, individuals identify and make use of the dominant logics in their business ecosystem. In addition, individuals also make use of their own logics in agency, even if these logics are in conflict with the firm or the organizational field logics. On the other hand, some individuals not only use institutional logics available in the ecosystem but they also use external institutional logics in an idiosyncratic way by recombining elemental categories of different institutional orders. While in both cases, institutional logics are used as tools for agency, in the latter case, these tools are innovative and unique to the individual.

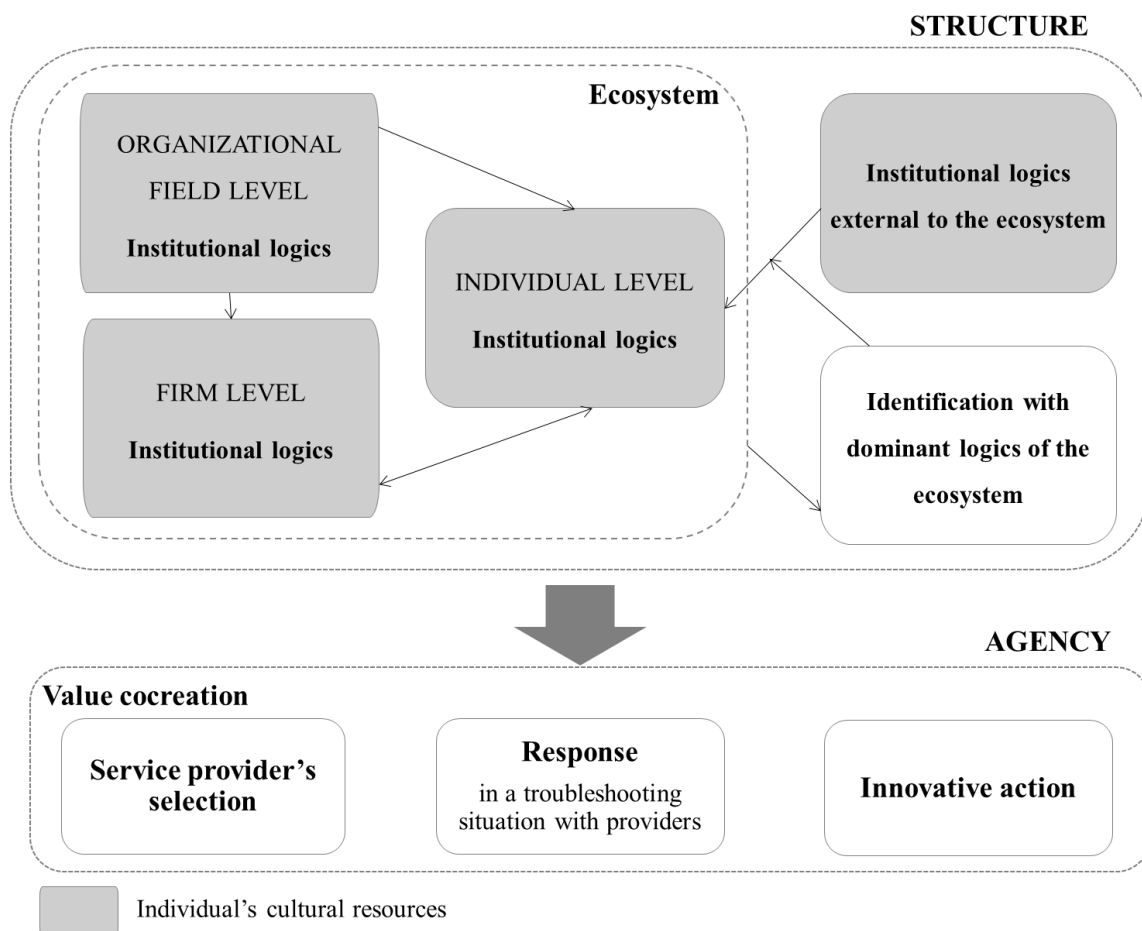
Finally, Thornton et al. (2012, p. 93) assert that "actors with low levels of individual commitment to existing logics and schemas are more likely to depart from prevailing logics and to rely on alternative logics" which provides a plausible explanation for differences between the two patterns of structure/agency dualism found as it fits data (see table 23 and subsection 4.11.3).



### 5.3 Empirical framework

As explained, data do not support a significant part of the conceptual framework arising from the literature (see figure 12). Therefore, a new framework based on empirical data is proposed in figure 17.

Figure 17 – Empirical framework



As recent SdL literature stress (e.g. Akaka et al., 2014; Edvardsson et al., 2014; Vargo & Lusch, 2016), culturally-driven institutions (i.e. institutional logics) influence

exchange situations in value cocreation. Specifically, institutional logics shape which criteria are used from those previously identified (i.e. criteria focused on the resource exchanged features, criteria regarding provider's relational features, criteria regarding long term commitment and criteria concerning stakeholder opinion about the provider) but also their importance in service provider selection. Furthermore, the institutional logics prescribe the response schemas to problematic situations and the greater the institutional complexity of the ecosystem, the greater the repertoire of response schemas used by the individuals in those situations.

Individuals are perfectly aware of the institutional logics existing in the three levels (i.e., organizational field level, firm level and individual level) of the business ecosystems they are embedded. Furthermore, they are also capable of assessing the power relationships existing among the institutional logics in the ecosystem. All this knowledge (i.e. cultural resources) is a tool that individuals use. In some cases, individuals can also make use of institutional logics from different ecosystems of which they are or have already been embedded, through social interaction.

Decision makers have more room to act differently (i.e. agency) than predicted by the conceptual framework. In other words, decision-makers are not limited to dominant organizational field logics. Instead, they draw on all the available logics in their social structure and use this knowledge as (cultural) resources to achieve their goals, which can be aligned with firm's goals or not depending on their identification with those logics, or to influence others in social interaction processes between service providers and beneficiaries. Cultural resources can also provide innovation as individuals are capable of blend and segregate institutional logics (e.g. blending logics found in Mr. Luís case) which leads to innovative action (Vargo et al., 2015). Cultural resources is

defined herein, in accordance to empirical data, as the individual's knowledge about social practices, meaning their organizing principles, their logics of action and the relationship among them, in specific ecosystems.

## Chapter 6 – Conclusion

This thesis aims to deepen the SdL understanding of institutions by emerging in NiT, where institutions are the central concept, and in TS which builds a bridge between institutions and individual action. Based on previous studies from these knowledge areas a framework emerges in order to support empirical data collection. In turn, a second framework is elicited from data concerning how culturally-driven institutions affect value cocreation interactions at the individual level. The present chapter concludes the discussion of this framework establishing the link with research questions, highlights theoretical and practical contributions arising from the research, identifies the research limitations and points out avenues for future research.

### 6.1 Concluding comments

Research departed from the broader question *of how higher order, culturally-driven institutions (i.e. institutional logics) shape the selection and the responses of individual service beneficiaries, embedded in Portuguese business ecosystems, in service provider's selection and in troubleshooting experiences with service providers*. Through a constructivist and mainly deductive approach, a multiple embedded case study was conducted with the aim of providing an in-depth explanation for each one of the four specific research questions, which are subsequently considered.

*What institutional logics are present at each contextual level of analysis?*

The conceptualization of society as an interinstitutional system, widely accepted in NiT literature, assumes western societies as comprising seven institutional orders, namely, family, community, religion, state, market, profession and corporation and each one of these orders has its particular logic available for the use of firms and individuals (Friedland & Alford, 1991; Thornton et al., 2012). This framework fits Portuguese society as we were able to identify six of those seven institutional logics prescribing action in the three levels of the twelve ecosystems analysed. The exception was the religion logic.

Institutional complexity (Greenwood et al., 2011; Jones, Maoret, Massa, & Svejenova, 2012; Pache & Santos, 2013; Seo & Creed, 2002) is a common feature of ecosystems provided by the intricacy of relationships among logics not only from the same level of analysis but also between logics from different level of analysis, which makes each ecosystem a unique one. In some cases, existing logics are conflicting and subsequent prescriptions are contradictory (Pache & Santos, 2013), limiting agency in those ecosystems.

*In which ways do institutional logics present in individuals' structures shape the selection of service providers?*

Culturally-driven institutions (i.e. institutional logics) influence exchange situations in value cocreation, as anticipated by SdL literature (e.g. Akaka et al., 2014; Edvardsson et al., 2014; Vargo & Lusch, 2016). Specifically, institutional logics prescribe criteria for service provider's selection and their importance in service provider's selection.

Four main criteria orienting service provider's selection were identified: 1) criteria focused on resource exchanged features, 2) criteria regarding provider's relational features, 3) criteria regarding long-term commitment and 4) criteria concerning stakeholder's opinion about the provider.

*In which ways do institutional logics present in individuals' structures shape the responses provided by the decision-maker in situations involving troubleshooting?*

As asserted before, culturally-driven institutions (i.e. institutional logics) influence exchange situations in several ways. Particularly with respect to troubleshooting responses, the institutional logics of the ecosystem prescribe the response schemas to be used. The greater the institutional complexity of the ecosystem, the greater the repertoire of response schemas available for the use of individuals in resource exchanges with service providers. Three main troubleshooting response schemas were identified: 1) bureaucratic schemas that vary depending on the supporting institutional logic (e.g. specific procedures of complaint, exerting bureaucratic authority over providers or switching between alternative providers); 2) alternative schemas, used in alternative or in addition to bureaucratic schemas (e.g., change the resource exchanged or abdication of the exchange) and; 3) proactive schemas, by preventing exchange problems in advance (e.g. monitoring provider's activity or considering possible delays in advance). Nevertheless, individuals do not respond to logics. Instead, they use institutional logics to respond to specific situations.

*How do institutional logics interact in decision-makers' structures in service exchange engagement with service providers?*

Individuals are perfectly aware of the institutional logics existing in the ecosystem where they are embedded, regardless of its complexity. Furthermore, they are also capable of assessing the power relationships among institutional logics within the ecosystem. This knowledge (i.e. cultural resources) works like a toolkit and, in some cases, this toolkit is further enhanced with institutional logics coming from different ecosystems of which individuals are or have already been embedded. Within the range of institutional logics at the individual's disposal, he chooses which one to use in order to achieve his goals at that moment in time, regardless of whether those personal goals are aligned with firm's goals or not.

From the present research has resulted an additional finding, one not anticipated by the proposed research questions but of utmost importance in value cocreation, namely, individuals have the ability of combining dimensions of different logics and indeed create new cultural resources which can lead to innovative action.

## **6.2 Theoretical contributions**

### **6.2.1 Contributions to Service-dominant Logic.**

This thesis contributes to SdL in a number of ways. First, this research improves the understanding of institutions in value cocreation by presenting an empirical framework addressing how culturally-driven, higher order institutions affect exchange relationships involved in value cocreation, in response to several calls from SdL researchers (e.g. Akaka et al., 2014; Chandler & Lusch, 2014; Edvardsson et al., 2014; Vargo & Lusch,

2011, 2016). Specifically, the proposed empirical framework considers not only what actions are affected by institutional logics but also how different institutional logics interact inside individual's social structure.

Second, this research brings to the forefront of SdL literature the concept of cultural resource by stressing its empirical relevance. The concept, coming from Consumer Culture Theory, was paid attention in SdL only marginally thus far (Arnould, Price & Malshe, 2006). In this dissertation, cultural resource assumes a new definition and that is Cultural resources is defined herein, in accordance to empirical data, as the individual's knowledge about social practices, meaning their organizing principles, their logics of action and the relationship among them, in specific ecosystems.

Third, SdL challenges the traditional marketing perspective on value creation and proposes that the firm should not be considered the central agent in value creation. Instead, SdL asserts that individuals are the central actors in value cocreation (Vargo & Lusch, 2004, 2008a). The current research reinforces the latter perspective as it clearly shows that individual agency is the main driver in human exchange systems.

Fourth, this work extends prior knowledge on institutionalization (i.e. the maintenance, disruption and change of institutions) as a central process of innovation (i.e. the combinatorial evolution of new, useful knowledge) (Vargo et al., 2015) by providing important insights on how it unfolds.

Finally, as Vargo and Lusch (2016) point out,

There is still a lot of work to do in reconciling S-D logic, institutional theory, practice theory, and complexity economics, but at their core they all deal with the evolutionary process through which actors form, reform, and are influenced



by the endogenously generated structures that support their joint survival—value cocreation in S-D logic parlance. Through this reconciliation, we see S-D logic further advancing our understanding of markets and marketing. (Vargo & Lusch, 2016, p. 20).

Responding to this call, the present dissertation contributes to the pointed goal by conciliating three of the mentioned theories, namely SdL, TS (e.g. Practice Theory) and NiT.

### **6.2.2 Contributions to Neo-institutional Theory.**

Although this thesis does not have as its main objective to contribute to the NiT discipline, some contributions are made as the theory is one of the research pillars. On the one hand, NiT researchers are presently devoting a large amount of time and effort to the study of institutional logics complexity (e.g., Delbridge & Edwards, 2013; Greenwood et al., 2011; Raaijmakers et al., 2015). However, the most frequent approach taken by these researchers is to study institutional complexity at a single level of analysis (Powell & Colyvas, 2008; Scott, 2013). The current research studies institutional complexity at three interrelated levels of analysis which is more consistent with reality and, therefore, assigns a broader impact to the institutional complexity concept as it extends the intricacy of relationships among logics in the same ecosystem.

On the other hand, the conceptual framework of this research draws on some widely accepted premises among NiT researchers. However, empirical data do not support some of those premises, namely, it is assumed that individuals do not have the choice of acting differently from organizational and field institutional prescriptions (i.e. free will

in individual agency is low) (e.g. Thornton & Ocasio, 1999; Thornton, 2002) and that organizations are constrained by dominant institutional logics of the organizational field they are embedded (e.g. Meyer & Rowan, 1977). Instead, present research finds support in NiT recent work (e.g. Binder, 2007; Ferreira et al., 2015; Greenwood et al., 2011; McPherson & Sauder, 2013; Pache & Santos, 2010, 2013) and, along with these cited works, builds a new understanding about institutional logics.

### **6.3 Practical contributions**

The insights provided by this research have a number of important implications for future practice. First, to understand how individuals make sense of cultural resources in a specific context may anticipate individual's preferences and actions which could prove to be very useful to service providers in preparing service proposals, negotiating, or any other resource exchange episode.

Second, innovation is a contemporary theme for firms worldwide and it is typically supported on technology. This thesis has shown that innovative action can arise from combination of taken-for-granted knowledge in different and useful ways, depending only from human ability. The practical implications of this perspective are wide, from innovative service proposals to a new service or from new procedures to deal with a subject to new institutions.

Lastly, the research points out the importance of the alignment between individual's goals and firm's goals as empirical data suggest that when the individual's identification with the firm is missing the individual may be guided by his own agenda. This could have important implications to the firm, especially if the individual is a decision-maker.

## **6.4 Research Limitations**

The research limitations identified herein are related with the research setting. According to the SdL definition of value cocreation, individuals involved in service exchange are either service providers, directly or indirectly connected to the service exchange or are direct or indirect service beneficiaries. Ideally, this research would address both sides of the exchange, provider and beneficiary, in order to understand the effect on the service exchange caused by the institutions present in the ecosystem of each individual. However, due to the amount of resources and time necessary to obtain data from individuals, firms and firms' fields from both sides of a service exchange, the research deals only with the direct service beneficiary perspective of value cocreation.

Also, in order to capture both similarities and variation of institutional logics among the cases under scrutiny, the ones were selected based on the logics present in the ecosystem. Despite our best efforts, we had no access to firms holding the religion logic. Even during analysis, contrary to what happens with state logic which was eventually found in two cases, religion logic could not be analysed. However, institutional complexity found in the cases under scrutiny provided relevant insights.

## **6.5 Avenues for future research**

This research has shown how institutional logics shape the selection and the responses of individual service beneficiaries and both experiences were selected in order to represent typical resource exchange situations in a broader value cocreation process. Further research should be undertaken to understand the influence of institutions on different resource exchange situations and conclusions should be compared to the ones

presented herein. Alternatively, future research might explore the effect of culturally-driven institutions on individual's structure and agency over time in order to interpret how it evolves.

The current work also cautiously suggests that institutional logics affect the evaluation and determination of value that emerges out of the integration and exchange of resources. Future research could address the effect of institutions on the determination of value to the service beneficiary, as it is a central issue in SdL.

Over the last twelve years, SdL has evolved from a marketing theoretical framework that focuses on value creation between a firm and its customer to a broader and dynamic perspective of value creation through exchange among a wider configuration of actors. Finally, further research should aim to focus on understanding how institutions affect value cocreation among actors performing less explored roles, in business ecosystems (e.g. the relationship between a firm's decision-makers and the firm's shareholders).

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## **Appendices**

### **Appendix 1 - Semi-structured interview guide**

(Original version in Portuguese)

0. Introduction:

- a. Presentation of the research area and goals.
- b. Permission to digitally record the interview.
- c. Confidentiality and anonymity issues.

1. Questions about the firm:

- a. Description of the firm (activity, dimension, history, ...)
- b. Identification of firm goals

(Please elaborate / provide examples)

2. Questions about the organizational field:

- a. Identification of main stakeholders (actors influencing the firm)

- b. Description of each stakeholder identified and the influence exerted

(Please elaborate / provide examples)

3. Questions about the participant (i.e. decision-maker):

- a. Description of the participant
- b. Identification of participant goals
- c. Description of participant activity

(Please elaborate / provide examples)

4. Questions about the service exchange engagement:

- a. Identification and description of recent service provider's selection episodes (process, concerns, goals, ...)
- b. Identification and description of recent problematic situations with service providers that deserved participant attention
- c. Description of how each situation identified was dealt

(Please elaborate / provide examples)

## Appendix 2 – Coding Schemes

Initial coding scheme:

1st level	2nd level	3rd level
Organizational field Logics	Practices	Family
		Community
		Religion
		State
		Market
		Profession
		Corporation
Firm logics	Identity	Family
		Community
		Religion
		State
		Market
		Profession
		Corporation
	Practices	Family
		Community
		Religion
		State
		Market
		Profession
		Corporation
Individual logics	Social Identity	Family
		Community
		Religion
		State
		Market
		Profession
		Corporation
	Goals	Family
		Community
		Religion
		State
		Market
		Profession
		Corporation
Resource exchange engagement	Problematic situations	( <i>in vivo</i> coding)
	Troubleshooting response	( <i>in vivo</i> coding)
	Provider's selection features	Flexibility
		Solidarity
		Mutuality
		Conflict Resolution
		Restraint
		Long-term orientation
		Role integrity
		Relational planning
		Information exchange
		Monitoring behavior



Modified coding scheme:

1st level	2nd level	3rd level	4th level
Organizational field Logics	Practices	Family	
		Community	
		Religion	
		State	
		Market	
		Profession	
		Corporation	
Firm logics	Identity	Family	
		Community	
		Religion	
		State	
		Market	
		Profession	
		Corporation	
	Practices	Family	
		Community	
		Religion	
		State	
		Market	
		Profession	
		Corporation	
Individual logics	Social Identity	Family	
		Community	
		Religion	
		State	
		Market	
		Profession	
		Corporation	
	Goals	Family	
		Community	
		Religion	
		State	
		Market	
		Profession	
		Corporation	

1st level	2nd level	3rd level	4th level
Resource exchange engagement	Problematic situations	Focus on the exchange	"Mistake"
			"Delay"
			"Bureaucratic work"
			"Lack of support"
			"Be tricked"
		Focus on the resource exchanged	"Stop working"
			"Non conformity"
	Troubleshooting response	Bureaucratic schemas	"Bring it up"
			"Report to provider and expect resolution"
			"Switch provider"
		Alternative schemas	"Change the resource exchanged"
			"I myself do the work"
		Proactive schemas	"Keep an eye on the provider"
			"Consider a delay in advance"
	Provider's selection features	Focus on long term commitment features	Flexibility
			Solidarity
			Mutuality
			Restraint in the use of power
			Long-term orientation
		Focus on relational features	Moral role integrity
			Relational planning
			Information exchange
			Conflict Resolution
			Technical role integrity
		Focus on resource exchanged features	"Price"
			"Zero failures"
		Focus on stakeholder's perception on the provider	(Geographical) "proximity"
			"A reference"

Note . " " are *in vivo* codes